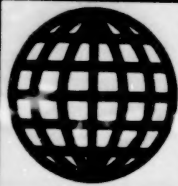


JPRS-EER-88-072  
31 AUGUST 1988



**FOREIGN  
BROADCAST  
INFORMATION  
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# ***JPRS Report***

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## **East Europe**

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# East Europe

JPRS-EER-88-072

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31 AUGUST 1988

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## CZECHOSLOVAKIA

### Catholic Church in Resurgence

23000123 Zurich DIE WELTWOCHEN in German  
21 Jul 88 p 6

[Article by Willy Lorenz: "Fearlessness Defeats Smugness"]

[Text] Ever since the communists took power in Czechoslovakia, the state has pursued a hard-line policy toward the Catholic Church. After the collapse of the Prague Spring, church policy was under the direction of Central Committee Secretary Bilak, who was known for his late-Stalinist attitude. However, there has been a relaxation of tensions during the last few months and the church, under the leadership of aged Cardinal Tomasek, has gained new strength. Even the broad mass of the faithful are no longer afraid to voice their demands.

This time around, Frantisek Cardinal Tomasek, Archbishop of Prague, could sit down to his birthday cake with peace and contentment. On 30 June 1988 he turned 89 under circumstances which augured unexpectedly well for the future. His courage and prudently applied inflexibility appear to have paid off. Finally, there appears to be some small relief for the clergy and the faithful of the Catholic Church in the CSSR, too.

It is about time for some progress. The situation of the Czech Catholic Church, whose nominal membership includes about 80 percent of the 15 million Czechs and Slovaks, continues to be poor—even for East European conditions. In Hungary, in the GDR, in Yugoslavia—not even to mention Poland—the church is in much better shape. The only countries where it has still greater difficulties are Romania and Albania, which pronounce themselves atheist countries and forbid any type of religious activity.

On paper everything looks thoroughly civilized. The present Czech constitution of the CSSR specifically guarantees freedom of religious affiliation. For practical purposes however, a permanent religious war has been raging for the past 40 years, specifically, since the communists came to power. At times, this was conducted openly and with bloodshed, at other times with concealed weapons. The only interruption occurred during the "Prague Spring."

As early as 1950 the state abolished all religious orders in existence at that time. Two hundred and fifty-eight monasteries with about 2,100 members (1,170 priests among them) and 720 convents with 10,400 members were closed down. Church funds were confiscated by the state. The priests and nuns were forced to work in factories.

All clerics who remained loyal to the pope and who wanted no part of the "priests-for-peace" movement were subject to arrest. In the early 1950's, all bishops, without exception, were behind bars, including their shepherd, Josef Cardinal Beran.

Even today every priest wishing to engage in pastoral care must first swear a loyalty oath to the state. Should he fail to do so and still practice his religious activity—be it nothing more than celebrating mass in a private apartment for close relatives—he is subject to prosecution.

Only two seminaries, whose faculties are appointed by the state, provide successors to the priesthood. The numbers of their alumni are strictly limited and always subject to approval by state authorities, which always take care to include several informers in every class. The result is a catastrophic shortage of priests. Of the 580 rectories in Prague, more than 300 are said to be vacant. Even in the provinces a single priest must often care for four, six, or even nine parishes. In this he faces chicaneries of every sort. Many a popular priest has found himself transferred to the sticks from one day to the next or forced to take early retirement for "reasons of health."

So many obstacles are placed to religious instruction in the schools that it barely exists. The import of religious literature is prohibited. Religious books are published in small numbers and in severely limited editions. Catholic weeklies in the Czech as well as the Slovak part of the country are six pages long at best and contain no significant articles of any kind.

The fact that the church was able to survive despite all this is due to its realistic foresight. It entered its years of martyrdom well prepared.

When the then-Bishop of Litomerice, Stephan Trochta, made his "ad limina" visit to Rome and warned of "forthcoming times of distress," Pope Pius XII immediately took two sets of actions. First, he ordered that several reliable priests immediately be consecrated as bishops, thus strengthening the church apparatus in a precautionary way. Second, he enlarged the functional area of every priest by granting to the entire Czechoslovak clergy so-called "Mexican authority," i.e., the authority granted to the Mexican priests by Pope Pius XI during the severe persecution of the church during the late 1920's.

As a result of those "Mexican authorities" the simple priest almost enjoys the powers of a bishop: he may for instance say mass whenever and wherever he desires; he can grant absolution from almost all "reserved sins" which normally require a bishop's decision; he may even grant dispensation from certain obstacles to a marriage. One thing of course he cannot do: consecrate additional priests. Only a bishop can do this. That was one of the reasons for the pope's order to enlarge the bishops' collegium in secret.



Several bishops were in effect consecrated in 1949. The most famous among them is the present Prague Cardinal Tomasek. As a simple priest, he somehow insinuated himself into the palace of Archbishop Matoucha in Olomouc, who was there under house arrest, and emerged, again secretly, as a bishop. Obviously, he had to wait a long time for his official consecration. It took the relatively liberal climate of the burgeoning Dubcek Spring to move the regime to first recognize Tomasek as the apostolic administrator of Prague, and eventually to permit him to hold the office of the resident archbishop of Prague.

Within the underground church which has been in existence in the CSSR for some time—as every persecuted church goes underground—there are said to be four or five active secret bishops. The regime claims to know their identities, which is most unlikely, as these gentlemen would otherwise have been in jail for a long time for engaging in unauthorized pastoral activities.

In other words: the Czech church hierarchy has remained more or less intact, despite a wave of arrests and brutal repression (Cardinal Trochta for instance died in 1974 after a series of humiliating interrogations resulted in a heart attack). It continued its authority to consecrate priests recognized by the church, which of course amounts to only one-half of a solution: these newly appointed ones do of course lack the state's concurrence for practicing their priesthood. At best, they may act secretly as assistants to the officially recognized priests.

Without exception all recognized parishes in the CSSR, which number 18, are subject to the regulations of the state's Church Office, which exercises its authority not only in institutional, but even in religious matters. It operates as sort of an ecclesiastic head for all churches, including the Catholic one. Its concurrence is required for every admission to the seminary, every pastoral appointment, every transfer of a priest.

It is the Church Office's function also to negotiate with the Vatican about the nomination of bishops. And because that office operates in a most stolid manner, of the 13 CSSR's bishoprics (12 Roman Catholic and one Greek Orthodox) 10 remained vacant for many years. In Hradec Kralove for example, there has not been a bishop in 35 years. The state purposely maneuvered the church into a distress situation so as to make it prone to extortion. It tried to force the church to propose docile clerics as bishops, mostly men who are members of the church-banned "Pacem in Terris" organization, a successor to the former "Priests for Peace" clubs. The state particularly pushed the present chapter vicar of Olomouc, Frantisek Vymetal, for appointment as archbishop. Vymetal is the chairman of "Pacem in Terris."

Whenever the ongoing quarrel between Prague and Rome about finally filling the vacant bishoprics broke down without achieving any results, the state smugly

believed it had gotten the best of the deal. But more recently its many partial victories have turned into a lost battle: the repressive church policy turned out to be counterproductive. The pressure provoked scorn, counterpressure and unimagined courage in people's professing their creed. The more rigid the policies of the Church Office, the crazier the exploits of the State Police, the more the faithful closed ranks. Suddenly the ideologically weak Catholic Church, which had in the distant past been compromised by its favoring the Hapsburgs, appeared as a self-reliant and fully rehabilitated religious community which had intellectual authority and also the will to use it. Masses of young people joined it. Hundreds of thousands of people participated in pilgrimages. Long waiting lines formed in front of confessionals, similar to those in front of food stores.

In addition, there was a spontaneous emergence of a sensational Catholic citizens rights initiative. The faithful, openly encouraged by the fearless Cardinal Tomasek ("It is the layman's duty to demonstrate for his rights.") experimented with an insurrection against godlessness. Since early 1988 there has been in circulation a 31-point petition, signed by almost 600,000 citizens of the CSSR with their full names and addresses. It demands freedom of religion, including the separation of church and state, the return of confiscated church property, construction of new churches and the reinstitution of the religious orders.

Could it be that this petition initiative—by far the biggest in any communist-led country—has provided some food for thought to the Prague authorities? Could it be that Gorbachev had put his foot down and indicated that the last thing he wants at this time is senseless church battles with a negative international impact? Be that as it may, on 28 April CSSR Communist Party chief Milos Jakes, who certainly has no reputation for tolerance, gave the first signal of conciliation: Prague agreed to the nomination to bishop of three men who are not members of the "Pacem in Terris" movement. They are Jan Sokol, 54, in the Slovak diocese of Trnava; Jan Lebeda, 75, and Antonin Liska, 63, two new suffragan bishops in Prague.

As we have said, the old prelate Frantisek Cardinal Tomasek can start the 90th year of his life with a relieved heart. The worst appears to be over.

9273/08309

**Reader Suggests Czech Equivalent of Glasnost**  
24000141a Prague RUDE PRAVO in Czech  
15 Jul 88 p 3

[Letter by reader Miroslav Tucek, Prague: "On Glasnost"]

[Text] In the Czech press, and that includes RUDE PRAVO, the expression "public knowledge" has been adopted as the Czech equivalent when translating the

8word "glasnost." The Great Academic Dictionary of the Russian Language defines it as "general familiarity" (despite the fact that the word "glasnyj" means public), even though older economic and legal literature utilize the equivalent expression of "public."

In this connection, I take the liberty of drawing your attention to the discussion that was published in the Soviet newspaper PRAVDA on 19 June, where the concept of "glasnost" is explained under the headline "The Right To Know and Participate." L. Onikov states that it is "primarily an openness in the activities of state and social organizations," "the right of the citizen to know," "the right to participate in meetings," the right of "free access to any kind of nonsecret documentation, data, materials...." And, in contrast, the author designates as incorrect the idea that "glasnost" is identical with "informing," something that could only lead to the proliferation of unsubstantial information.

The Czech meaning of the word "public" as defined in the Dictionary of Literary Czech, Part IV, is not only the opposite of solitude or the aggregation of individuals of a specific social entity, but is also the characteristic of that which is public (the opposite of secrecy, of privacy).

I believe that the correct translation of the Russian word "glasnost" has a political significance; it makes it possible to better understand the new policy of the Soviet Union and the CPSU because it is not only a matter of the public being broadly informed, but also involves the public's cooperation, participation, and affords individuals the opportunity to express themselves. Only in this broader sense is "glasnost" the prerequisite for democracy.

05911

## GERMAN DEMOCRATIC REPUBLIC

### Bishop Describes Church Role at Antinuclear Conference

23000126 Weimar GLAUBE UND HEIMAT  
in German 26 Jun 88 p 2

[Article: "Responsibility on a Broad Foundation"]

[Text] On 22 June, the 3-day international meeting in Berlin for nuclear weapons-free zones came to an end. Afterward, Bishop Dr Christoph Demke and other participants from the church area reported on their impressions.

The Evangelical Church in the GDR did not take part in the conference without reservations. The coresponsibility which belongs to it can only be put into practice convincingly if it does not shirk its commitment in concrete individual cases. On the other hand, it could be

observed at the conference that the church's contribution is established on a broad foundation which has been laid for years through intensive cooperation in the church council's Action for Justice, Peace, and Preservation of the Creation.

In this connection, it should be recalled that the church in September 1987 actively supported the Olof Palme March for creation of an atomic weapons-free corridor in central Europe. It is the ecumenical meeting which in February took the first step in drawing conclusions from the connection between the threat of atomic war, injustice, and destruction of the environment.

The bases from which participation in the international meeting gained competence and authority include also the church meetings of this year. Impressively, they proved the capability, readiness, and desire of Christians and our church to cooperate constructively in solving the great tasks which stand before us. In this an alliance is also being sought with those holding different viewpoints.

The relationships which existed between the church's participation in the international meeting and the church-council action or church meetings were shown also in the area of personnel. The Erfurt provost, Dr Heino Falcke, who is the leading cocreator of the Worldwide Action for Justice, Peace, and Preservation of the Creation, belongs to the leading circle of the ecumenical gathering, and is chairman of the Thuringia church conference, had been sent to Berlin by the World Council of Churches in Geneva as its official representative. But also with the prominent church conference guest from Erfurt, Dr. Egon Bahr, there was a noteworthy connection.

As he expressed it in an interview, the reaction of audiences in Erfurt had strengthened him in persisting in his cause of furthering understanding across the borders of different political systems. A few days later, he enriched the international conference with his contributions and was received by Erich Honecker.

Bishop Dr. Demke reported to the conference on the work of church peace groups who had worked out basic contributions to the conference theme. In his remarks he made it clear that, on the one hand, it was important to reduce and eliminate atomic warheads; on the other hand, however, prerequisites must be created in the minds of men for living together peacefully. The more the church is put into the position of comprehensively living up to its world responsibility and unfolding its spiritual strength, the more it can also serve the good cause of nuclear weapons-free zones.

13455/09599

**Christian Groups Protest Pollution**  
23000125 Schwerin MECKLENBURGISCHE  
KIRCHENZEITUNG in German 17 Jul 88 p 2

[Article by Hartmut Haeckel: "To Live in Responsibility for the Future; Environmental Worship Service in Deutzen"]

[Text] On 12 June, the ecumenical preparation group of the Roetha Christian environmental seminar had extended an invitation to attend the sixth environmental worship service in Deutzen, a small village 4 km west of Borna. Over 1,000 interested and committed persons, members of Christian ecology and peace groups and concerned persons from the Borna-Espenhain brown coal district had come in order to jointly reflect on the theme, "Our Future Has Already Begun." "Our belief drives us...to stand up and seek ways to make this future bearable for nature and human beings," it was stated in the invitation.

The service in Deutzen was preceded, in the morning, by three lectures in Frohburg, Borna, and Boehlen which dealt with questions of the energy prospects of the GDR and possibilities for natural gardening and farming and detailed the Biblical bases of a commitment to the environment. The invitation to this day was followed by about 20 synodal statements of the Saxon regional synod to "give expression to their solidarity with the concerned persons," as it had been formulated in a summons to the 1987 fall meeting.

**Pilgrimage**

In the filled-to-overflowing Catholic church in Borna a Catholic theologian, Dr. Trilling, read a paper on the subject, "Biblical Bases for Our Commitment." In his introduction, he urgently called attention to the fact that the ecological crisis is a worldwide problem. The afternoon in Deutzen began with a pilgrimage through the village to the now overgrown embankment of an open-pit mine. At three stations, meditative texts were read and facts were cited. The complaint was made that man is being robbed of his roots by an environment whose air is burdened daily with 4 tons of tar, 4.4 tons of hydrogen sulfide, 20 tons of sulfur dioxide, and 1.6 tons of ammonia just from the carbonization furnaces of the VEB Brown Coal Refining Enterprise in Espenhain (with the Boehlen enterprise branch). (Source of data is the series "Technology and Environmental Protection," Vol 29, Leipzig 1984.) The participants in the pilgrimage, who silently followed a large wooden cross carried at the head of the procession, viewed with concern the clouds of soot from the briquet factories in the closest vicinity to the village.

A widely-varied program with "Bach and Blues," stands for craftwork, drawing, nested-box building, and abundant information materials from the ecology and peace

groups bridged over the interval until the panel discussion. There was coffee and pastry, and small trees were offered for a new beginning of the destroyed environment.

**Panel Discussion**

At the table on the podium, the following were seated next to Walter-Christian Steinbach, the pastor from Roetha and moderator of the forum: Pastor Doctor Gensichen (religious research center in Wittenberg), Pastor Doctor Berger from Leipzig, Christian Matthes, an information specialist from Berlin, and Doctor Sieber, an economist at Karl Marx University in Leipzig. It was regretted that they had been unable to get a panel participant from the Bezirk council.

The questions—corresponding to the situation of the inhabitants of the brown coal region—were focused on the following: possible improvements in life and environmental conditions, chances for changes in industry, and problems of the exerting of influence by the concerned persons. The following are some of the statements. Dr. Gensichen: "Managing only for the present without thinking of the future is not possible even in the present...Living at the cost of the future is not possible even from a Marxist standpoint." The Marxist Dr. Sieber: "The quality of the environment is the quality of life and a component part of the standard of living of the population and thus the goal of our entire policy. We are working jointly on how we will change it and what possibilities we will find."

The question of priorities was repeatedly raised during the 1-hour panel discussion. It has to do with state decisions in the same degree as the behavior of every single individual dealing with energy. And with it comes into question, in the last analysis, our responsibility to our environment, our future, and our grandchildren. It was said that this could be positively influenced, for example, through comprehensive information.

Dr. Berger added a further formulation that the "mature citizen, who is a co-creator," can be better motivated toward joining the cause than "the one who is controlled." Thus, commitment to environmental protection must be an adjunct to the thinking of all persons. Dr. Sieber stated in conclusion: "It is a requirement for all of us who are here to ensure a correct quality of the environment, no matter whether we are Christians or Marxists."

The panel discussion was followed by the worship service, at which Pastor Schorlemmer of Wittenberg gave the sermon. In interpreting a text from Isaiah, he drew a parallel to our time; renunciation of nihilism and resignation, he said, is the only possibility for keeping our planet habitable for our grandchildren.

13455/09599



## HUNGARY

**U.S. Ambassador Palmer Interviewed**  
25000240 Budapest KEPES HET in Hungarian  
16 Jul 88 pp 10-13

[Interview with Mark Palmer, U.S. Ambassador to Hungary, by Janos Szilagy; date of interview is not specified; first paragraph is introduction; last paragraph contains closing remarks]

[Text] Our appointment is at 1000. My photographer colleague and I meet at the entrance of the American embassy exactly at 0955. We do not want to be even one minute late; we feel it would be impolite. The guard behind the entrance examines both of us with an electronic device that breaks into alarming chirping when it detects that I have the keys to my apartment with me. As these are not regarded as arms, we can go in. We are sent to the mezzanine and told to wait, they will be right with us. Long moments pass. Finally a young man wearing glasses comes and escorts us to the library. We try to explain that we have not come to read but... Yes, he knows, there is going to be an interview with the boss, and this is going to be the setting. The place is without character, ill-lighted; there are some bookshelves, some magazines on a table, and there is not a single corner where we can sit down. The door opens and Mark Palmer, Ambassador of the United States of America to Hungary, enters. The 47-year-old man is elegant, well-combed, tanned. He is smiling, kind, and friendly, but it can be seen that he regards this conversation as work, so there is no coffee, no polite small talk, and there is no... Well, yes... There is no possibility to make the interview in his room. We cannot set foot in there because of security reasons. A compromise is reached: we go to the room of the press attache, who briefly greets us and then sits back at his desk and continues to press the keys of a computer. There are leather chairs and a couch in the corner; finally we settle down there. Mr Palmer looks at me with interest; he is expecting my questions.

[Question] Before you accepted your present post, you were deputy assistant secretary of the State Department. You were in charge of the Soviet Union and Eastern Europe. I think that I am not mistaken when I say that you could have been appointed as ambassador to any country in this region. To the best of my knowledge, however, you insisted on being sent to Hungary; you absolutely wanted to come here. How do you explain your stubborn insistence? Why did you want to serve specifically in Hungary?

[Answer] Because this country set an example of reforms, and it is these processes that are of the most interest to me. Just think about it. You started with an agricultural reform in 1962, 17 years before China. You started a general reform in 1968, 20 years before Gorbachev. I wanted to watch this process closely, right on the scene. Although I was in charge of Hungary, everything seemed very distant from Washington. In addition, I

have been here many times—for example, with Vice President Bush five years ago and with Secretary of State Shultz a year later. There is a big difference, though, between spending a couple of days in a hotel and living here and having access to many places.

[Question] I have heard several people say that you are a career diplomat, that is, a professional diplomat. Do you feel that this is flattering, or do you disclaim it?

[Answer] I think that is good because I decided when I was still a child that I would be a professional diplomat. I wanted to choose a profession that would give me a chance to get to know many countries in the world and to work in those where things that interest me the most are happening. So, I don't mind being called a career diplomat. I feel good about it.

[Question] For outsiders, the life of an ambassador appears to be glamorous, splendid, interesting, and, at the same time, very mysterious. What is this life like in reality?

[Answer] Well, I think it is a mixture of all this. One thing is for sure: my days are very busy, and, not only mine, but those of some of my colleagues, as well. I think, first of all, of the ambassadors to the Soviet Union and China. The latter said that he received 200 delegations last year. I have not counted whether I received that many people, but I, also, host many delegations, so my schedule is also very tight because of this. I work from early morning to late night, mostly seven days a week. So, I am not bored, because during my stay here I would like to arrange for, accomplish, and get rolling many things.

[Question] Would you mention a few of these?

[Answer] It is hard work to establish the international management training school, which will be unique in the relationship of our countries. I work on student exchanges, which are becoming more and more frequent, because I think it is very important that the young people in both countries get to know each other's countries. I also work with all my strength for the establishment of joint ventures. The most spectacular of these is a American-Hungarian sheet-glass manufacturing company. I also find the opening of the first McDonald's important and—if I can say so—flattering, because I enjoy the fact that now there are a couple of square meters of America in the middle of Budapest.

[Question] If well-known American personalities, actors or businessmen, arrive here, do you meet them? Do you feel that it is your obligation?

[Answer] If time permits I invite them. When Arnold Schwarzenegger was shooting a picture here, we played tennis three times, and I also gave a dinner in his honor.

It was great fun; we enjoyed ourselves. So, returning to your previous question: I work a lot, but I also have my share of the—as you put it—glamorous part of life.

[Question] Who do you meet from among Hungarians?

[Answer] Whoever I want to. Officials just like others. I have a good relationship with party leaders, and I also know the Minister of the Interior and the Minister of Defense. Sometimes I meet with dissidents, members of the democratic opposition. I meet with the populists and many others. So, I am not restricted from doing anything that I consider natural and normal, and Hungarians can be very proud of this because it is not like this everywhere.

[Question] I think from what you have said, I can draw the conclusion that you are not bored, you have enough to do, sometimes you may feel that the 24 hours of a day are not enough.

[Answer] That's right, so I get up early in the morning. At breakfast my wife and I have discussions...

[Question] Official business, too?

[Answer] First of all official business. She teaches Hungarian physicians in the Institute for Postgraduate Medical Training, but she also has to organize the embassy receptions; therefore, we have to coordinate our daily work so that we can live in harmony. After breakfast I take Hungarian classes because there is still plenty for me to learn. Then I go to the embassy or where my work takes me.

[Question] Do you drive your car yourself?

[Answer] I have a very good Hungarian driver, who doesn't like when I sit behind the wheel. It would not be very enjoyable anyway, because my car is bomb and bullet proof—that is, it is an armored car and therefore very sluggish. I am allowed to use this car only for my own protection. Nevertheless, when I long for some free time and to be alone, I drive myself.

[Question] Life at an embassy is quite closed. Everybody knows everything about everybody. In such a community, gossip spreads faster, intrigues are more dangerous, and certain tensions or emotional flares can cause disturbances. Do you concern yourself with such events or you do not care?

[Answer] An embassy is like a small settlement, and it is very important that the mayor know what is happening in the village. He has to be aware of the gossip, the love affairs, the illnesses, the problems—let alone the crimes.

[Question] What kind of crimes can occur at an embassy?

[Answer] Unfortunately, there can be theft, and it is not easy to put an end to it: more than 200 people work for me, and it is very difficult to screen out the perpetrators, and suspicions poison the atmosphere. I am worried about this. I am also concerned about whether people are happy here, whether they feel well and like their work. That's why I do my best to have a satisfied and well-balanced community here. Last year, for instance, I had the embassy closed for two days, and we went to Szirak, to the local castle, where, sitting on the shore of a nearby lake and led by a friend of mine—a psychologist invited from the United States—we talked about our private problems.

[Question] You invite not only experts who keep the human soul in good repair but also well-known and famous American personalities. What prompts you to do so?

[Answer] I think that many Hungarians regard the United States as a rich but uncultured country, where few educated people can be met. That's why I decided to try to lure some of our brighter minds, really intelligent people, to give some lectures here, so that some people should not think that the appearance of Elvis Presley was the greatest moment in the cultural life of America.

[Question] Who has agreed so far?

[Answer] I mention just two of them. Zbigniew Brzezinski, former national security adviser, presently a university professor, was here. George McGovern, a democratic politician, also accepted my invitation. I am working on several other personalities—among others, my former boss, Henry Kissinger.

[Question] Are these your independent actions, or do you have to get your superiors' permission before taking such a step?

[Answer] I am quite independent, allowed to work freely. I took steps alone in connection with the above-mentioned educational center, and we ourselves arrange for student exchanges, as well. Nevertheless, if we want a very important Hungarian personality to visit the United States, then, of course, I first have to coordinate my ideas with Washington, and find out if it is ready to receive the person and to organize his journey. Of course, there are other issues—for example, American-Soviet relations, issues on defense and arms reduction—in which you cannot act alone. You cannot do everything on your own because that would lead to chaos and anarchy.

[Question] One thing is sure. Whatever you do, whoever you meet, and wherever you appear, you always wear a bow tie. Recently I read your statement that, already as a young man, you wanted to show your distinctness, your defiance with this, that you are different from the others



who wear the usual tie. In this position, however, this can turn against you since, even in external appearance, you have to be like most of your country's citizens. Am I wrong?

[Answer] It may well be that to wear a bow tie is not usual in my country, but it is usual that personal matters are not interfered with. I am a citizen of a country that always searches for change, where people always try to do something new. So, if you want to put it this way, by wearing a bow tie as an ambassador—although this is not customary in similar circles—I prove that I am an American. I really don't bring it up as an excuse, but many Hungarians also wear one—for example, my friend Ivan T. Berend. So, it is a symbol of independence not only in America. Apart from all this, however, I reveal to you the greatest advantage of a bow tie: it never hangs in the soup.

[Question] As far as I know, Hungarians also work at the embassy. Do you hire them off the street, or can you select only from a list of certain local authorities?

[Answer] Some of them were recommended by the Ministry of Foreign Affairs, but in many cases we seek our own colleagues. We are extremely satisfied with those who work here: they are clever, diligent, and talented. Last year there was a motion in the House of Representatives in Washington that we should stop employing local people at our East European embassies. I went home and argued very strongly in favor of keeping these people at our embassies because they are very important for us. I won the battle, so Hungarians can continue to work here, Poles in Warsaw, and Bulgarians in Sofia.

[Question] Thus you can learn "in house" how people who live here judge the situation of the country. How do you see the problems of your post, Hungary?

[Answer] I have mixed impressions because you have great difficulties now: you have a trade and budget deficit, a great outstanding debt, and you have to face a certain moral crisis, too. At the same time, you made freer traveling possible, those who want can watch Western TV broadcasts, and I have been experiencing a number of other things that fill me with optimism. So, I have basically optimistic feelings about Hungary's medium and long-term future. I feel, however, like many Hungarian leading intellectuals and party leaders, that, despite their obvious importance, the economic and political reforms are being implemented very slowly. Reforms have to be started as soon as possible, and I am here to watch and admire this change and development.

[Question] I ask something more general but closer to your profession: how do you find Hungary's place and actions in international affairs?

[Answer] I think your country's role in international affairs much exceeds its size. Apart from this, in most areas we do not agree with your foreign policy, and it logically follows that the reverse is true as well, as it is proved by the fact that in the UN you have voted against us more times than the Soviet Union. There are many subjects on which our points of view differ widely. To mention just one: the evaluation of the problems of the so-called Third World. I have to tell you sincerely that we do not really support Hungary's foreign policy; however, your country's position in the world is very important for us, so—to put it mildly—the picture is quite mixed.

[Question] Is it possible that you will speak about such questions in a much higher position quite soon?

[Answer] If you mean the American presidential election...

[Question] I do. You have an excellent relationship with Vice President Bush, among others; you wrote his speeches, and, as you have mentioned, you had a great role in preparing his visit to Eastern Europe. If Bush gets in and becomes the first man of the United States, will you get higher in the ranks of power?

[Answer] First, let's see the election. As a professional diplomat, I want to work with the future president independently of the results. I have close connections with Governor Dukakis' people, as well. So, whichever of them wins, I think I have a chance to get a job in Washington. However, how strong my chance is can be seen only after the first few months of the coming year have passed. I would like to be a part of the new government because the big decisions will be made there. Nevertheless, I would be happy—and I am not saying this as an obligatory compliment—if I could stay here in Budapest until the end of 1989. It is unlikely that I would stay longer because the assignments of American ambassadors are usually for three years, and mine expires at the end of next year.

[Question] Then let's stick to reality and stay with this year. In addition to Karoly Grosz's visit to America, will there be any other event that you have worked on a great deal and that can be of interest to all of us?

[Answer] Perhaps I should mention the conference to be held in Budapest in August. That conference, which I initiated, will be on conventional armed forces and their reduction. The conference will bring high-ranking military officers and other experts here for the first time to negotiate about the disarmament of their own regions. I hope my successor will make this initial step a regular event because it is in the interest of all. You and we alike would like to reduce the amount we spend on such arms. I hope that conference will seek a new way and find a solution to start this process.

I thank Mr Palmer for the interview, but I tell him that he cannot get rid of us yet. We would like to take some pictures of him standing next to the flag on the balcony of the embassy. Being photographed is an unpleasant hassle for everyone, but he agrees without batting an eye. It turns out that the key to the door of the balcony cannot be found. No problem. Amidst the loud encouragement of his colleagues, Mr Ambassador climbs out the window. The camera is clicking, the press attache is watching the scene in silence, then he says: "Could we get an enlarged picture of this?" "Of course, but what for?" we ask. "Because we are going to perform a Woody Allen play at the embassy soon, and we would hang this picture as part of the scenery. There is an ambassador in the play, and that part will be played by Mr Ambassador."

[Photo captions: Mr Ambassador; Minisummit at McDonald's; Boris Stukalin, the Soviet ambassador to Hungary, in the company of his American counterpart.]

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## POLAND

### Gorbachev Visit, Words, Deeds, Significance Assessed

26000528 Warsaw PRZEGLAD TYGODNIOWY  
in Polish No 30, 24 Jul 88 pp 1, 10

[Article by Leszek Bedkowski: "According to New Style: Mikhail Gorbachev Rejects Radicalism but Supports Reforms"]

[Text] Just before Mikhail Gorbachev's visit to our country the authorities circulated the news that in a few days an important event in Poland's history would take place. I do not know whether this was intentional, but it had caused a change in the view on the course of that visit, a sharpening of appetite. For the visit in itself would not justify such a prediction, since this was to be Gorbachev's third visit to Poland. Thus, subconsciously people were expecting a moment which, in relation to other events in the past and present, would prejudice the historical nature of the visit.

That expectation was nourished by the claims that the Soviet leader would, while in Poland, signal intentions that would be of help in acting. That too was interesting: which forces would receive the signals, and for what action?

Of a certainty, many Poles had been observing the visit from that angle.

But first something should be said about the atmosphere and formal aspects of this event.

Even the improbable saturation of the daily accounts of the visit with adjectives intended to stress its unusual nature could not overshadow the fact that Mikhail

Gorbachev is an intriguing individual. A serious magazine like TIME, which distances itself from the USSR, chose Gorbachev as its Man of the Year for 1987. The press said that the coming visitor "knows how to smile nicely, but his teeth are of iron." Phenomena unprecedented in the USSR are associated with him. The popular opinion is that not since Lenin has the country had such a leader. Moreover, he is always accompanied by his wife, Raissa, about whom many legends circulate. These are sufficient reasons for being interested in the visit by such a couple.

At a press conference Jerzy Urban recalled the findings of CBOS [Public Opinion Survey Center] polls conducted at the end of 1987. They show that 66.5 percent of Poles were positively disposed toward the USSR, and 9.5 percent negatively. Incidentally, it is worth noting that the spokesman for the Soviet delegation Gennadiy Gerasimov admitted that he was pleasantly surprised by these polls.

Hence, many Poles wanted to have the opportunity of at least seeing Gorbachev with their own eyes, as a PAP reporter noted. A well-known Polish artist commented, "I accepted the invitation to breakfast at the Wierzynek [a Krakow restaurant], because, after all, Gorbachev is a somebody."

Thus this was a popularity test based on "voting with one's feet." The crowds were not as big as during the pope's visit, but neither were they as artificially organized as during the visits of previous secretaries general of the CPSU. This subtle difference was noticed by Gorbachev himself, who commented that a person could be placed within a crowd and instructed to say a few pleasantries to the visitor, but the facial expression and the gaze could not be genuine.

This popularity test was reflected in some loosening of the corset of slogans. There were traditional slogans, of course, but there also were such as "Perestroika Is the Thing!" or "Bravo, Mikhail."

This relaxation of ceremony was undoubtedly influenced by Gorbachev's personality. Contact with him is eased by the awareness that he would not feel offended or put off by the commonplace. It would be difficult to conceive of humor during a visit by Leonid Brezhnev, not only because of his character traits; it would be difficult even to conceive of an attempt to pin a large colored bib around his neck. Against this background, Gorbachev's visit unfolded according to a new style.

But spontaneity should not be reared into a myth. Reporters readily used such phrases as "The visitors were at once closely encircled by Varsovians. The legend of Lenin's sojourn to the Podhale Piedmont is still alive among the denizens. I never before saw such crowds in

Krakow's Cloth Hall Square," etc. TV reporters attributed to spontaneity the fact that for many minutes their cameras showed nothing and they hardly knew what to say.

Well, Mikhail Gorbachev is indeed conducting himself unconventionally; he has broken with monumentality. But this does not mean that all his meetings are absolutely spontaneous in nature; a major reason is considerations of his personal security. I would thus term this a controlled spontaneity, which was also experienced by the journalists reporting on the visit.

I see no reason why, within the framework of glasnost, form should conflict with content or the fact that the organizers of such visits have to meet rigorous requirements should be glossed over. Thus, not everyone could be present in Cloth Hall Square, because the side streets are barricaded and Cracovians knew this regardless of what the press said. Department K1 at the Warski Shipyard could be entered by showing an invitation card on which the name and identity number of the employee were recorded. During that time the entire shipyard was idle, because, also for security reasons, the flow of technological gases was shut off.

Thus generalities and the creation of new myths should be avoided, as is also besides demonstrated by the issue of Mikhail Gorbachev's book, "Perestroika and New Thinking." During his visit he was often asked to autograph copies of that book. The manager of the PIW Press declared that its fourth edition was sold out. And Mikhail Gorbachev himself, when once again asked to autograph his book, commented, "Fine, but on condition that you read it." This was recounted by Gerasimov, who explained that Gorbachev regards his book not as an academic treatise but as a collection of thoughts and reflections. He thus answered the question of whether the pace of the changes taking place in the USSR has been such that some parts of that book have by now become obsolete.

The fear that once again personalities, words, and gestures will be turned into myths is of a certainty agitating many people. This is demonstrated by a question that was asked of the Secretary General of the CPSU Central Committee concerning flattery, which always exists in abundance around those in power. Gorbachev answered that one must prove through one's daily work that popularity "is based on people and was not organized by us."

Pragmatism is probably also not alien to Gorbachev's entourage. When the mayor of Warsaw handed to the visitors keys to the city together with an appropriate certificate, Eduard Shevardnadze responded by declaring, "Bureaucracy is everywhere."

A characteristic aspect of this visit was that it continually lagged behind its itinerary. Some places on the itinerary took more time, while at others the waiting time for the

visitor grew longer. For example, the visit to Szczecin Voivodship took 3 hours longer than planned. Gorbachev clearly loves to talk, and this upsets the timetable. In effect, the visit's timetable was in many respects not tailored to the visitor. This was noticed by Gorbachev himself when he declared at Royal Castle that more time should have been scheduled for the meeting with intellectuals. From this ensues the conclusion that in the future proper organizational forms have to be developed in cases in which spontaneity is anticipated.

I think that there were several different planes to this visit, each of a different quality. What was called the direct meetings between Mikhail Gorbachev and Poles displayed two distinct and separate forms.

The first was typical dialogue. Unfortunately, like most other reporters, I was kept at too great a distance from the visitor to record what the talk was about. I have to avail myself of press-agency communiques or second-hand information. These indicate that, for example in Warsaw, the visitor asked school pupils what grade they were in and reminded them of the Russian saying about the need for a generational relay race baton. A Soviet citizen told Gorbachev that she had to travel to Warsaw in order to meet him, and added, "You're liked here greatly."

While touring the house in which Lenin had lived while in Poronin, Gorbachev asked how it was possible to preserve that little wooden house till now. At a department in the Szczecin Shipyard, while receiving yet more good wishes, he asked whether the people offering them had any wishes of their own. As subsequently related by Romuald Czaplicki, one of the welcoming shipyard workers answered that they would like to visit Moscow. "Come," said Gorbachev, taking Wojciech Jaruzelski as the witness.

While at the home of Franciszek Bakan, a private farmer, Gorbachev asked about farming affairs. The visitors also wanted to know whether their hosts had already taken a vacation. They were told that, while there was too much to be done on the farm for that, their hosts would enjoy visiting the sister of Franciszek Bakan's wife in the USSR. (The Bakans are repatriates.) Gorbachev declared that he would ask for the sister in the USSR to come to Poland and take over the farming chores so that the hosts would thus be able to take a vacation in the USSR.

At a Warsaw bookstore Raissa and Mikhail Gorbachev asked about the audio records of Anna German, who is popular in the USSR. The saleslady answered that Vladimir Vysotskiy is popular in Poland. Such was the first type of conversations.

The second was a kind of declarations. It used to be that for this purpose a podium with microphones was set up at each place to be toured. But Gorbachev tended to be in the middle of crowds and talk "live" in a kind of monologue.



On the streets of Warsaw he declared, "There are no simple problems in our country and yours. However, we have great opportunities for overcoming difficulties; all that is needed is personal commitment."

At the Soviet Military Cemetery-Mausoleum: "Building a world without wars occurs also through mutual trust. And that can be engendered chiefly through mutual knowledge."

In Poronin: "For 3 years in our country we have been engaged in creative explorations, discussions, criticism, and self-criticism imbued with a feeling of responsibility, along with uncompromising analyses of what we have done.... We should do everything in order that this system of society, a system geared to working people, be completely turned with its face toward the working people.... When this is done in the quiet of offices (when problems are thus solved—J.B.), mistakes are unavoidable, and the most serious mistakes are political. Political mistakes are very costly. Countries and peoples pay for them."

At the airport in Goleniow: "My impression is that we all want the same thing, but some want it even now. To this end, really, time is needed, and so is truthfulness."

While touring the shipyard: "Without the support of the working class no authorities can accomplish anything. Politics makes sense only when it has the support of the nation."

I selected the above quotations not by the criterion of originality of thought but in order to try and understand what topics Gorbachev wants to discuss and what language he employs when he does not stand on the podium in front of a microphone. This may facilitate for the reader forming his own, personal image of Gorbachev.

Another element of the visit was gestures, events of a symbolic nature irrespective of the kind and quality of the utterances. First, it is worth noting that Gorbachev was the first Soviet leader to tour the sites of Lenin's sojourn in Poland, which are not that numerous. Of a certainty, as a symbol this says more to the Soviet Union than to Poland, but it is an interesting complement to the ideological-political silhouette of Gorbachev.

To Poles, his visit to Szczecin said more. It might be said that his presence there was interpreted as the presence of a superarbiter. Someone has even meticulously counted the number of times the phrase "Polish Szczecin" was uttered. At the Castle of the Pomeranian Princes the visitor was greeted by, among others, Piotr Zaremba, the first mayor of the city restored to the Motherland. Szczecin reporters asked at the press conference about the relations between Poland and the USSR and both German states.

Some observers also noted another subtext of the visit to Szczecin. But Jerzy Urban clarified at the press conference that the issue of delimiting the offshore boundary between Poland and the GDR, debatable for some time now, was being resolved in bilateral talks. This issue was discussed in Wroclaw by Erich Honecker and Wojciech Jaruzelski. Immediately afterward, teams of experts gathered, and a meeting between the foreign ministers of both countries is soon to be expected.

The reporters awaiting the visitor's arrival at the Warski Shipyard had the opportunity to talk with its workers or to listen to conversations. They were thus able to note that people were wondering whether flowers on behalf of the visitor should be placed on the monument to the fallen shipyard workers. This did not happen. However, flowers were placed on, among other monuments, the Monument of the Little Insurgent in Warsaw. He may have been little, but he was a participant in the Warsaw Uprising of 1944, which in effect has a symbolic significance to Poles.

This also applies to Mikhail Gorbachev's tour of Krakow's Marian Church. It was officially stressed that this concerned a Polish cultural landmark, and that was how Gorbachev put it when writing in the guest book in front of the altar by Wit Stwosz. Yet, this Polish cultural landmark occupies a specific niche in the system of Polish concepts ensuing from the traditions and contemporaneity of the religious public. Gennadiy Gerasimov explained, "Mikhail Gorbachev has already toured Russian Orthodox and other churches, of course in order to familiarize himself with them in their capacity as works of art. In that role, he toured for the first time such a temple as the Krakow one."

In the Church he was greeted by Suffragan Bishop Jan Szkodon and parish priest Jan Kosciolka. That this was not a casual visit is also demonstrated by a passage from the joint declaration signed by Wojciech Jaruzelski and Mikhail Gorbachev toward the end of that visit, which referred to the dialogue with the Catholic Church in Poland and the Russian Orthodox Church in the Soviet Union.

A major event in itself, irrespective of the importance of the words then uttered, was the meeting with intellectuals at Royal Castle. Its temperature was raised by the diversity of outlook and political views espoused by those present. It was, in addition to all this, a kind of a national roundtable meeting which took place owing to the arrival of the visitor from Moscow. I shall yet return to this issue.

In addition to the official program there were two events that also mattered to interpreting the nature of the visit. While in Krakow, Mikhail Gorbachev stopped in front of a building on Kosciuszko Street that used to be a Soviet Army hospital during the war, where his father, Sergey Gerasimov, had been treated. That building is

nowadays the property of "Znak" [a Catholic association], a representative of which got the visitor to autograph a copy of TYGODNIK POWSZECHNY and another of ZNAK. The Secretary General of the CPSU Central Committee also toured the farm of a Polish peasant owning nearly 30 hectares of land.

The most publicized part of the visit was official ceremonies and the speeches delivered during them. Personally, I rank at the top the meetings at the Sejm of the Polish People's Republic and in Royal Castle, and at the bottom the so-called youth rally of friendship in the Court of the Wawel Castle. But let us explore, bearing in mind all the aforementioned aspects of Gorbachev's visit, what signals it did send and to whom.

The answer can be most simply formulated on the basis of the fact—rather ineptly portrayed from the standpoint of technique by some media—of the personal friendship between Mikhail Gorbachev and Wojciech Jaruzelski. This may be interpreted as the support of the architect of perestroika for the program of reforms in Poland. On a secondary plane, this can be thus interpreted as support for all those who desire to reach agreement with Jaruzelski and with whom he is ready to talk. In sum, this implies acceptance of the proreform coalition and of the changes taking place in Poland's systemic model under the slogans of democracy and pluralism. But what bounds are set for these changes? An above all, what are the safeguards of the changes?

For it would be paradoxical if the changes were to be based on friendship between two individuals, no matter how sincere. First, this is not consonant with the outlook they profess, an outlook which perceives causative forces to exist in classes, not in individuals. Second, it would conflict with the nature of the changes postulated; how could they be democratic if personified by individuals? But a complete answer cannot be provided, the more so considering that politics is not pursued in the marketplace, and therefore we have yet to wait for the effects of conversations behind closed doors, both at plenary sessions and private, whose nature we are as yet unaware of.

From public utterances it ensues that Gorbachev definitely wants room for man under socialism. "Our undertakings are focused on man and accountability toward him." "We uncover the deepest meaning of socialism, its essence, to lie in a turn toward human beings." "Everyone understands that what matters most is that people in our countries—both in Poland and in the USSR—simply enjoy a sense of wellbeing," and so on.

Hence Gorbachev's sudden turn toward a newly rediscovered Lenin, in whom he finds prescriptions for contemporary problems. Hence also the rather drastic break with the post-Lenin past. "We had no qualms in discarding the routinism of the past when 'absolute truths' had been proclaimed from tribunes and all that was left to the

delegates was to applaud and raise their hands in favor." This break with the past also applies to the understanding and interpretation of history.

So far as the system of society is concerned, Gorbachev rejects supercentralism and bureaucracy but supports a strong central government, "though a genuinely democratic government that acts within the framework of closely defined powers and is under popular control—a government that the people trust and consider their own."

He regards as a worthy goal the creation of conditions "in which economic and scientific-technical progress will be organically combined with social justice and morality, with the richness of human intellect."

Exploring ways of attaining this goal, he desires to guide himself by two lessons ensuing from the past of the USSR. The first is that "The ability of the political forces to understand the situation properly is of tremendous importance," and the second, "No major or revolutionary social change or reform will be effective if the people is opposed, if it does not understand how to act in order to not only negate and discard the past but also to create a new present." Elsewhere he declared that "a policy which does not enjoy the support of laboring people, of workers, is worthless." Therefore, he seeks support for perestroika from workers and peasants, but he bears in mind that "Politics must be based on scientific and moral knowledge, and this definitely presupposes participation by intellectual forces."

How to act? "We should not fear difficulties or panic in face of failures. We have begun...a great work and the victor will be he who proves his tenacity." "Let us agree not to act feverishly, not to panic and instead let us be consistent and objective and put democratic mechanisms into action. And in the proper time we shall rectify whatever is not what it should be." Gorbachev decisively rejects rabid radicalism and supports resolute consistency.

These are generalizations, and many observers have been wondering about particulars. On this matter the Soviet visitor had the following comment: "Each party explores on its own the roads of transition to the new quality of socialism; there can be no common prescription, no mechanical duplication." As Gorbachev put it, one should learn from others without instructing them. He also pointed to the fact that "Poland is again exploring and, it seems to me, finding the answer to the question of the manner in which the nation should progress."

Thus even if "Both our countries are living through great times," and even if "We are striding on the same road; we call it perestroika and you call it socialist renewal," from the overall context it ensues that a sign of equality should not be placed between perestroika and the Polish reforms.



Besides, in many respects Poland and Hungary have covered a greater distance than the USSR. (Incidentally, it is worth noting that all but one of the [Bloc] leaders who had gathered in Warsaw for the session of the Advisory Political Committee departed immediately after that summit meeting. The one leader who stayed longer was precisely Karoly Grosz, who held talks with Wojciech Jaruzelski.)

The Soviet Union is ready to learn from the experience of others and not to impose its own experience. This was besides said by Gorbachev: "Now that we are engaging in perestroika, we perceive much that is positive in your experience."

There still are many more questions. Some of them were asked by Polish intellectuals at the meeting in Royal Castle while others will be asked in the future. It would be interesting to know Mikhail Gorbachev's answers.

As for the meeting in the Castle, if it was said that Gorbachev not only met the Polish society but also established a dialogue with it, that happened chiefly on Thursday, before and after noon, in Warsaw. The meeting in the Castle had a minimum of ceremony about it, was interesting, and opened a number of doors toward dialogue—not just with one country.

As for the visit as a whole: at one time an American lawyer, Newton Minow (I am citing this from GAZETA KRAKOWSKA) publicized the findings of his studies of the legal systems of four European countries and summed them up as follows: in the FRG the law prohibits everything that is not permitted; in France it permits everything that is not prohibited; in Italy, basically, anything is permitted, especially when it is prohibited; and in the USSR everything is prohibited, especially if it is permitted.

Of a certainty there are people in Poland who had expected even more from this visit, but there also are some who remained indifferent. Perhaps what matters most is that the visit provided an opportunity for understanding Gorbachev's concerns.

He most clearly desires to change not only the visage of the USSR, such as is described above, but also and above all to change his country. Without abandoning Leninist canons, which, as could be observed several times, matter most to him, he desires to modernize his country, adapt it to the present. Hence the entire reform program.

1386

**Soviet Council of Ministers' Official Visits**  
26000537e Warsaw TRYBUNA LUDU in Polish  
13 Jun 88 p 4

[Unattributed article: "Polish-Soviet Cooperation"]

[Text] Vice-Premier Zbigniew Szalajda met on 11 June with Vice-Chairman of the Council of Ministers of the USSR Igor S. Belousov who was visiting Poland at the head of a Soviet delegation to the 60th Annual Poznan International Fair.

They discussed the state and prospects for further growth of economic cooperation with special consideration of the electrical machinery industry.

12261

**Soviet Government Delegation in Wroclaw**  
26000537g Warsaw TRYBUNA LUDU in Polish  
14 Jun 88 p 2

[Unattributed article: "USSR Government Delegation in Wroclaw"]

[Text] On 13 June, a USSR government delegation with Soviet Vice-Premier Igor Belousov visited Wroclaw. The Soviet guests were at the Intermoda Clothing Industry Plant which has for the last 20 years been increasing its production for export of fashionable, high-quality men's clothing. Director Eugeniusz Moczulski informed the delegation about the effects of the growth of production of clothes for foreign contractors, some of the largest of which are firms in the Soviet Union.

12261

**Krakow, PRC's Nanjing Sign Exchange Agreement**  
26000537f Warsaw RZECZPOSPOLITA in Polish  
14 Jun 88 p 1

[Article by (eg.): "Cooperation Between Krakow and Nanjing"]

[Text] (Own information) The gleanings of a visit by a Chinese delegation to Krakow were the signing of an agreement for economic and scientific cooperation in agriculture, culture, crafts, environmental protection, historical preservation, and trade between Krakow and Nanjing.

Nanjing, with its population of three million, is the old capitol of the Ming Dynasty. It is a great industrial and academic center and a city of many marvellous historical buildings that has also preserved its old city walls and towers. This city in Chiangsu Province is already Krakow's 28th partner-city. An agreement signed by Krakow Mayor Tadeusz Salwa and Secretary General of the Provincial Government Duan Xushenem calls for broad economic cooperation, especially in agriculture and electronics. It is possible that there will also be direct cooperation between industrial firms and businesses in both cities.

12261

**Reform 'Mistakes,' Myths Described, Political Solutions Viewed**

26000533e Warsaw TRYBUNA LUDU in Polish  
16 Jun 88 p 4

[Article by Miroslaw Czerny, editor in chief of the theoretical-political youth monthly POSZUKIWANIA: "Reforms on the Installment Plan: Disputes About the Present and the Future"]

[Text] A major reason for the disasters and failures of reform undertakings so far in the socialist countries has been their partial, incomplete nature. The social organism displays many homeostatic features; even radical partial reforms have to retreat when the ambient environment eliminates them as local disturbances, or the pace of the reforms slows down drastically so that the entire organism would have time to adapt itself and reach a new equilibrium. For this reason, economic effects produced no results when not linked to political reforms (and vice versa).

In each of these two basic domains (politics and economics) procedural and structural reforms were rarely undertaken concurrently—and that was another, lower level at which the partial nature of the reforms manifested itself. Lastly, it also happened that while the two discrete domains were being reformed concurrently, that was based on conflicting philosophies.

**Model-Based Reform Mistakes**

Let me illustrate the above general comments with the following examples:

**Variant 1. Reforms of Methods of Management**

This case is perhaps most characteristic for Hungary. We find its detailed description in the Hungarian report, "The Turnabout and the Reform." Despite an extensive introduction of the market economy, the reform in Hungary has reached a critical point, because the entire political domain lags behind it and moreover economic restructuring did not take place. "Falling into line"—an intensive restructuring of the economy and the commencement of far-reaching political reforms—is recommended as the obvious remedy.

**Variant 2. Reforms of Management Structures**

This path was chosen by Czechoslovakia, the GDR, and Bulgaria. By contrast with Variant 1, there was no deregulation of the economy and no foreign indebtedness on a scale surpassing the possibilities for debt servicing. This is a kind of paradox, because methods of management can be reformed practically without investment processes, by contrast with economic structures. However, in these countries a slowdown in economic growth and growth of tensions between the economy and the unreformed politics are becoming increasingly

explicit. These countries respond cautiously to the slogans of perestroika, but once they begin economic and political reforms their results may be better than in the other [socialist] countries owing to the greater potential and more modern structure of their economies.

**Variant 3. Reforms of Methods of Political Action**

In their purest form these reforms were reflected in the processes of de-Stalinization while at the same time the traditional economic policy was continued and new forms (structures) of political life did not develop. This resulted in a rapid suppression of the positive effect of these reforms, a decline in enthusiasm, and incipient economic and political stagnation.

**Variant 4. Reforms of Structures for Political Action**

Closest to this model was Poland in the years 1980-1981 when political structures arose and developed at random and the entire ambient environment (the economy and methods of political action) lagged behind.

Of course, the above variants are in the nature of simplified models, and in every historical instance we have been dealing with the activation of all the four fronts of the reforms, but to an unequal extent. These variants do not, of course, exhaust the possible combinations (with two or three equally advanced domains) and specific examples can be found for some of them while others are of a purely speculative nature. The number of combinations will increase if we pose the question of not only the extent of advancement of reforms in discrete domains but also the direction of the reforms. Then it turns out that not only progressive but also regressive changes may take place, and the vector may vary depending on the initial state of the system and the directions of changes in the other domains.

**Other Structures, Other Methods**

Since my reflections are not of a theoretical-normative nature, in this place let me pass on to comments on the present Polish reform. Of a certainty, it is in an advanced state as regards methods of management, while in other domains it lags behind. The present moment is crucial to the entire reform, owing to two considerations: first, the effects of the old and new methods of management are offsetting each other and partially also canceling each other. There may occur either radical progress in applying the new methods or a return to the old methods, and in either case there would be tangible improvement because then the old and new methods would cease to nullify each other. In the event of a regression, however, the improvement would be only shortlasting, whereupon all contradictions would manifest themselves with a new strength.

Second, the gap between the advancement of reforms in this domain and in the other domains has dangerously widened: either the ambient environment necessitates a

regression in methods of management, thus restoring the old equilibrium, or reforming that environment must be accelerated. So long as tensions do not increase and do not endanger the existence of the system as a whole, the desire to continue reforms will dominate. If the tensions accumulate, maximalist attitudes (for reforming socialism) may be superseded by minimalist attitudes (for defending socialism).

Hence, changes in the economic structure are a crucial issue. They still remain desirable in theory only, because the supporters of heavy-industry priority are so strong that in practice they can nullify both scholarly opinions and political decisions.

At the same time, discussion of the need for reforms of political action is growing, chiefly with emphasis on new structures for such action. We already have the PRON [Patriotic Movement for National Rebirth, a kind of popular front], the Constitutional Tribunal, the Consultative Council, the Citizens' Rights Spokesman, etc., etc. Additional new institutions are being considered, including the establishment of a two-chamber parliament and of the Office of the President, and proposals for letting socialist, agrarian, and Christian-Democratic parties share in rule are appearing. On the other hand, reforms of methods of political action have been too slow and limited to highly formalized solutions such as referendums, public consultations, and cautious changes of electoral laws. Even if these are new solutions, they are accommodated within the traditional philosophy of the exercise of power. Moreover, there is still no intermeshing of reforms in each of these four domains, that is of the methods and operating structures of the economy and politics, neither in the practical nor in the theoretical sense. A synthesis providing a new philosophy of socialism and its development aims has not been formulated. Reforms are being evaluated through comparisons with the capitalist system, its market, its economic structures, its rules of political game. In effect, visions of the future continue to be based on the elementary dichotomy: capitalism or socialism, except that a socialism identified with its traditional model is doomed in advance to be the loser.

### Perils of the Changes

In such a situation, what can be regarded as the greatest or at least the most immediate peril of the reforms? Since they are not producing satisfactory economic results (lack of progress in restructuring the economy, inflation, decline in living standards, low growth rate of national income and labor productivity, problems with assuring a proexport orientation of the economy, and the general enfeeblement of the economy), two different political prescriptions are being proposed.

The first reduces to "A free market and strong police" by referring to, e.g., South Korea as an example. To assure investment resources, demand must be suppressed and, if this is to succeed, and if workers are to be kept under

discipline as well, "all power" has to be exercised by the management of enterprises, which should operate on the basis of at least entrepreneurial spirit and self-financing instead of "the three S's" [i.e., autonomy, self-government, and self-financing]. The second solution favors more far-reaching political reforms and the introduction of pluralism not only in the economy but also in politics. But this entails the real danger that such reforms will occur not in order to strengthen economic reforms but as a substitute for them. The hope is that every change in the political system will result in tangible improvements in the public mood and, since the populace cannot be assured of material wellbeing, it should at least be offered democratization. This is a risky idea, the more so because, as I noted above, more emphasis is placed on political pluralism (structures) than on the sovereignty of the society (methods of action). Yet, the party and the organizations supporting that primacy are not prepared for such pluralism as regards the methods of their political action, while the effects in the economic domain are not in its favor; hence, pluralist social forces would have to begin by criticizing the current economic policy, although not necessarily by presenting alternatives to it.

### Pluralism or Sovereignty of the Society?

At the same time, the hope that the entire society will participate in the pluralist political game is mistaken, for it is only certain elite social forces that can and want to participate in that game. These elites will initially support political reforms, but in order to form their own lobby, a kind of House of Peers which will discuss what is doing at the House of Commons without necessarily cooperating with it. To be sure, these elites often play the role of literary representatives of discrete classes and social strata, but they do not represent the society as a whole except by poetic license. What is certain is that these elites will give priority to their own interests, not only political but also economic interests (after all, civilized human beings have the right to aspire to the average European living standards). It is no accident that the changes in rents for privately owned housing resulted in the rise of a united constituency of landlords, whether Catholics, atheists, party members, or oppositionists—more united than the PRON [Patriotic Movement for National Rebirth]. As for people who have been a dozen or more years on the waiting list for housing and who draw average wages in the socialized sector, the slogan became, "Build your own home."

But why do I think that the sovereignty of the society as a whole will be very difficult to achieve? Why do I claim that pluralism alone will not satisfy the society as a whole? First, it is always only a small segment of the society that takes an active part in political life. After all, American sociologists say that if more than 6 percent of a society is interested in politics, this means that the situation is revolutionary.



Second, what matters most to all individuals with unmet needs for basic means of subsistence is the satisfaction of these needs, and they resort to politics (to a revolution) only when they perceive no other way out. In the pluralist game, such people are bound nowadays to declare themselves allies of our critics rather than of us. Third, informed participation in political life requires knowledge and time to assimilate and process information through the act of voting. For these reasons, even the mass participation of the society in the "Vote 3 (2)x Yes" Referendum is not tantamount to participatory governance. The average citizen is aware that he has about as much influence on political results as on winning the "Totolotek" [Lottery], except that in the lottery he has a chance to win the first prize. Seventy percent of our society has an elementary-school or similar (incomplete elementary, basic vocational school) educational background, and this affects not only vocational qualifications but also the possibility of conscious participation in political life. As leisure time in our country is shrinking instead of increasing owing to, among other things, the growth of moonlighting and the inadequacy of public transit and other services, that also affects adversely the possibilities for participatory governance. Sejm deputies and people's councilmen may be pressured into showing up for meetings with voters and for "telephonethons," but as for voters themselves, during those hours they moonlight or stand in queues in front of stores.

Moreover, the aforementioned elites not only benefit from their longer leisure time but also, as a rule, keep track, at least partially, of political life during their work hours or even do so as part of their professional duties—this concerns economic and political activists, journalists, scholars, lawyers, and teachers (but this does not mean, of course, that they all belong to the elite).

A way out of this political cul-de-sac is afforded in the economic domain: changes in working and living conditions will affect the wishes and possibilities for participatory governance.

1386

**New vs. Amended Constitution Debate Continues**  
26000537h Warsaw *RZECZPOSPOLITA* in Polish  
22 Jun 88 p 2

[Article by MU: "What Sort of Constitution—Completely New or Just Modified?"]

[Text] (Own information) A new constitution or a thorough reworking of the present document: The resolution of this dilemma will be the key to the direction and scope of work on future regulations of the constitution that is supposed to lead our country into the 21st century as a fully modern, lawful nation based on a stable legal system. During a meeting organized by the SD on 21 June, constitutional lawyers and journalists considered how to answer the question asked at the start of this article.

Professor Sylwester Zawadzki, a member of the Council of State who is also directing the preliminary studies on new constitutional premises, presented the meeting's participants with a broad palette of arguments in favor of writing a totally new constitution. The Constitution has now become a document which is slowly losing inner cohesion. The latest series of amendments that were introduced to keep pace with the present changes in society and government were made at the rate of several a year. The Constitution is indeed a documents that was created by a socialist state but many of its ideological and theoretical premises are those of a former era.

The constitution should be a balance of the road the nation has taken. However, this function is becoming increasingly harder for the present document to fulfill since many of its essential guarantees of law (such as administrative courts) have not been reflected in the Constitution itself. It should also be a document defining the directions for growth and the evolution of the state's political, social and economic system.

Professor Wojciech Sokolewicz spoke about specific problems that have to be solved in legislative work. In many cases, there will be various proposals submitted for different problems. It will be necessary to air arguments for and against each of these and present them for public discussion so that either a compromise can be reached or at least attitudes will not become so polarized that a decision cannot be made. "The new constitution," said Professor Sokolewicz, "will be born in the struggle of ideas".

The hot discussion that occurred during this meeting attests to the possible temperature of these debates.

12261

### **Problems Lie in Constitution as Ideological, Not Legal, Document**

26000537i Warsaw *TRYBUNA LUDU* in Polish  
22 Jun 88 p 5

[Article by Marek Krupa: "Changes in the Constitution—A New Law or an Update?"]

[Text] Studies by the Public Opinion Research Center show that Poles are still not very interested in the problems of changes to the Constitution despite that fact that the work already started by the Council of State is of fundamental significance to all citizens. This was confirmed in a discussion organized by the SD Social and Legal Writer's Club and the editors of *PANSTWO I PRAWO* on 21 June.

The guests at this meeting were professors Sylwester Zawadzki and Wojciech Sokolewicz. The remarks made by both of these famous constitutional experts illustrated that there are a great many questions that must be considered in any change of the Constitution.

The present constitution was written in 1952 and has become "obsolete". It was written and adopted by a socialist state but has already become a document of a past era. The changes that have taken place in Poland in the 1980's have made it necessary for almost every meeting of the Sejm to make constitutional amendments.

In the light of the current reforms, Chapter II of the Constitution on economic relations in the state is no longer relevant. The same can be said of the provisions on the functioning of self-management organs and many other problems of a fundamental nature.

It was asked whether there is any need to introduce an entirely new constitution when the old one can be updated and the discussion of this issue still continues. More and more often, one hears it said that it would be more rational to write a new constitution. The reorientation of values in our state requires the definition of the state's relationship to the economy, society and to social policy.

The present constitution is more of an ideological and political document than a legal one. However, a constitution must be the backbone for the entire legal system. Most importantly, the Constitution must also give direction to the changes taking place and guarantee that they will have a lasting effect.

It is immeasurably important for the provisions of the Constitution to maintain their cohesion so that they cannot be arbitrarily interpreted as they are at the present time.

The work on the Constitution is only in its starting phase and for that reason, no specific changes can yet be described. However, one can refer to the opinions expressing wishes that the new Constitution may become not only a new set of primary laws but also a social contract guaranteeing the permanence of the present and future changes. It should reflect the current social and political reality in our state and guarantee the rule by law.

12261

#### **Sejm Constitution Committee, Government Implementation at Odds**

26000533b Warsaw TRYBUNA LUDU in Polish  
16 Jun 88 p 2

[“Session of Sejm's Constitutional Responsibility Commission”—PAP report]

[Text] The Sejm's Constitutional Responsibility Commission considered on 15 June certain procedural aspects of constitutional responsibility. The discussion also touched upon the position statement presented to the Prime Minister by the Commission last year, which concerned, as we had reported at the time, an assessment

of the implementation of the recommendations of the Constitutional Responsibility Commission to the Eighth Session of the Sejm with regard to improving the structure and organization of governance.

The deputies offered the reminder that the government regarded these recommendations as justified. They pointed out that nevertheless some of them still are not being implemented. For example, the question of the procedure for obtaining foreign loans still has not been clearly settled, and drafting the decree on the Council of Ministers is not envisaged until 1989 in the government's legislative schedule. The Commission was of the opinion that these matters should remain on its agenda. Other Sejm commissions, too, have met.

1386

#### **PZPR, CPSU Dailies Hold Roundtable Talks in Bialystok**

26000533a Warsaw TRYBUNA LUDU in Polish  
16 Jun 88 p 2

[Article by (s): “The TRYBUNA LUDU and PRAVDA Roundtable: Bialystok-Grodno”]

[Text] What has the border cooperation between Bialystok Voivodship and Grodno Oblast accomplished? What is the latent potential of that cooperation? These were but a few of the questions considered at the Wednesday roundtable discussion organized by the editors of PRAVDA and TRYBUNA LUDU in Bialystok.

During the discussion the specific advantages already accruing to both parties from this cooperation, especially since Wojciech Jaruzelski and Mikhail Gorbachev had signed the Joint Declaration on Cooperation in Ideology, Science, and Culture, were pointed out. New steps and projects were proposed while at the same time stressing the need to demolish obstacles such as certain regulations and resolve certain problems ensuing from, e.g., price differences. It was agreed that the state of interstate and interparty relations and the decisions of the central authorities provide a broad framework for grassroots initiatives and actions as well as for the full participation of the public in this cooperation.

Participating in the roundtable meeting were First Secretary of the Grodno Oblast CPSU Committee Leonid Kletskov and First Secretary of the Bialystok Voivodship PZPR Committee Włodzimierz Kolodziejuk as well as party activists from the sister regions and representatives of the economy, science, culture, and press. The discussion was cochaired by Collegium Member and Director of the Social Policy and Communist Upbringing Department at PRAVDA Aleksander Chernyak and Deputy Editor-in-Chief of TRYBUNA LUDU Antoni Kruczkowski.

1386



**Improvements in Health Care System Discussed**  
26000537d Warsaw RZECZPOSPOLITA in Polish  
11-12 Jun 88 pp 1, 4

[Unattributed article: "Revitalization of the Public Welfare System"]

[Text] Under the chairmanship of Vice-Premier Zdzislaw Sadowski, the Council of Ministers Committee for Realization of Economic Reform reviewed the health and social welfare minister's draft of a proposal for reform of the public health care system and examined proposals by the state economic arbitration and Justice Ministry for the creation of a system of economic courts.

The committee called out for changes in the economic principles used by health care establishments. The committee specifically decided that it would be advisable to stop placing limits on employment and to leave such establishments free to set their employees' wages within certain limits. In order to make more flexible use of budget funds allotted for medical activity and wages, it was determined that it would be necessary to make due changes to the Central Annual Plan for 1988. Under the projected changes, the directors of health care establishments are seeking the right to more independence in decisions about how they will use allotted funds.

It was also decided that the principles for a new system of health care financing would be worked out by September. There will be changes in the social security system and decentralization of the finance system for the people's councils.

The committee also called out for quick development of the legal bases for creating worker self-management in the health care service.

Two variants for changes to the economic arbitration outlined in the program for realization of the second stage of economic reform were discussed and they included an independent system of economic courts and a system of economic courts incorporated into the structure of the common courts.

The committee decided to ask members of the Economic Reform Commission and the Legislative Council to offer their opinion on the structure of the economic court system. Once the committee receives those opinions, it will make the proper recommendations to the Council of Ministers.

12261

## INTRABLOC

**CEMA Cooperation on Arms Production Cited**  
23000120 East Berlin MILITAERTECHNIK  
in German No 3 14 Mar 88 pp 114-116

[Interview with Maj Gen Dr J. Oreschko by the staff of MILITAERTECHNIK: "Further Strengthening of the Socialist Economic Integration of the CEMA States—Conclusions for the Intensification"; date and place of interview not indicated]

[Text]

[Question] Comrade Major General! The Council for Mutual Economic Assistance (CEMA) has recently adopted resolutions that will promote the further development and strengthening of Socialist economic cooperation. What consequences will this have for the military-economic cooperation of the states of our Socialist defensive alliance, the Warsaw Pact?

[Answer] In October 1987 the 43rd extraordinary session of CEMA took place in Moscow. This session adopted the resolution on "Restructuring the Multilateral Cooperation and Socialist Economic Integration As Well As the Activity of CEMA."

This decision had been preceded by several rounds of high-level and top-level talks. I would just like to mention the talks held by leading representatives of our state in November 1986 in Moscow, when CPSU General Secretary Mikhail Gorbachev undertook a fundamental analysis of developments in CEMA and made proposals for the future.

However, to go directly to your question as to the consequences of this for the military-economic cooperation of the states of the Warsaw Pact, I would like to say the following: The military-economic cooperation among the states of the Warsaw Pact and among our Socialist armies in particular, both bilateral and multilateral, is an element in the Socialist economic integration of our countries. Consequently the planned changes, which will increase the effectiveness of the economic integration, will also be of great significance on the military-economic level. Thus they will have consequences for the economic underpinnings of the national defense of the GDR and all other Socialist countries, as well as for the direct military-economic and military-scientific-technological cooperation among them.

The planned changes are not simply certain limited measures but, as the CEMA resolution stressed, a transformation with far-reaching consequences affecting both the content of the overall task and its forms and methods, including the CEMA organs themselves.

[Question] CEMA can point to significant results since its foundation in 1949. Which ones would you particularly like to emphasize?

[Answer] In the almost 4 decades since the foundation of CEMA, the scientific and production potential as well as the economic strength of the states united in this Socialist economic alliance have developed in an unprecedented manner. Thus, for instance, with 10 percent of the world population, CEMA is now responsible for 33 percent of world industrial production. The national income of the member states of CEMA rose by an average of 4.6 percent annually from 1971 to 1985. In the developed capitalist industrial countries, the figure for the same period was only 2.9 percent. The close cooperation and mutual interconnection of the economies of the CEMA countries is shown especially clearly by their mutual trade. That increased by 5 times between 1971 and 1985.

For the GDR, cooperation with the USSR takes has a special place in the development of its relations with CEMA member-countries. Almost 40 percent of our foreign trade is with the USSR. Through this, the GDR meets its needs for raw materials and fuels and guarantees rapid development in key technologies, as well as progress in such fields as mechanical engineering, electronics, and the chemical industry, to the mutual benefit of both countries, as well as of CEMA as a whole.

In the past decade especially, CEMA has carried out enormous joint capital projects which benefit all member-countries. Let me just mention the petroleum and natural gas pipelines from the USSR to European CEMA countries, the construction of the mining and processing combine for metallurgical raw materials at Krivoi Rog, and the Szekesfehervar aluminum combine in the Hungarian People's Republic. Another important joint project is the ferry connection between the GDR and USSR, from Mukran to Klaipeda. All the ferries for this are being constructed in the shipyards of the GDR.

[Question] You spoke at the beginning about planned changes. What are the reasons for those?

[Answer] Of course there are a number of factors that play a role here. I would like particularly to mention: In connection with the realization that war is no longer an appropriate means for bringing about fundamental changes worldwide, imperialism is redoubling its efforts to dominate in the economic sector, without, however, abandoning its aggressive intentions. Rather, it hopes to gain military-strategic advantages through economic successes and the results of high technology.

This means, as our party has already formulated more than once: The economy has become the main battle field in the confrontation of systems today. Consequently Socialist economic cooperation is a decisive factor to ensure that we emerge victorious from this worldwide economic competition. We must lay all the groundwork to achieve this goal. Our cooperation within CEMA must be raised to a qualitatively new level. This

will be accomplished through the nature of Socialist society and through the policy of the main task, which is formulated in the same manner in all of our countries.

An important factor in this is to make tasks posed by the all-around intensification of social production the central point of all efforts. What is necessary is through the joint efforts of the CEMA member-states to implement the tremendous processes of development in science, technology, and production to the benefit of all. This involves the tasks posed for us in the areas of data processing, automation, energy, genetic engineering, and others. By linking the advantages of Socialism even more effectively with the achievements of the scientific-technological revolution, we will be able to master these tasks. Bringing about this close linkage demands many new approaches—methods that will in the end change even the mechanism of international economic cooperation. Above all, these measures must reflect the highest effectiveness, an economic effectiveness that is all-around superior to capitalism.

[Question] Are the results of military-economic cooperation in CEMA equally positive? Can you name some examples of such cooperation?

[Answer] The military-economic cooperation of the CEMA states began with the creation of the Socialist defensive alliance of the Warsaw Pact in 1955, whereas CEMA was founded in 1949. In 1950 the GDR became a member of CEMA. Since the foundation of the NVA [National People's Army] in 1956, the GDR has also participated in the military-economic and military-scientific-technological cooperation.

For more than 3 decades there has been constant, stable progress in military-economic and military-technological cooperation. Thus it has been possible to create a solid basis in CEMA for the material-technological equipping of the Socialist armies and fleets. The development of military equipment for the defense of the Socialist states has been and is being worked out on the basis of carefully coordinated measures. This avoids duplication of effort.

A division of labor is undertaken for the production of military equipment, particularly of complex weapon systems. A typical example of this is the production of the T-72 tank. The production of this modern battle tank involves all the Socialist countries belonging to the Warsaw Pact. This makes effective production and an advantageous division of costs possible.

The advantages of such an approach are obvious to all the Socialist countries. For our own GDR, military-economic integration has another particular advantage: in establishing the NVA in 1956, we did not need to develop our own defense industry but were able to concentrate on selected facilities to equip the NVA with combat gear, arms, and equipment.

Major items like aircraft, air-defense complexes, artillery, etc., are acquired from the USSR and other Socialist countries. In measures undertaken to modernize our military equipment, too, there is close cooperation in the military-economic and military-technological areas. This involves the development of the modernization program; the development and production of the necessary new machinery, equipment, and components; and the division of labor and cooperation necessary for the preceding. Experience gained in actual use by the troops, in training, and in the material-technological procurement process is exchanged.

Permit me here to say a word about so-called armaments cooperation under capitalism. Reports in the capitalist media reveal—though often only sketchily—the stern struggle that prevails in the armaments sector. The intimate linkage among military, politicians, and monopolists which produced the so-called military-industrial complex leads them to hope for particularly large profits in armaments. The competitive struggle and the methods used in the hunt for maximum profits are just what one would expect.

Thus with respect to tanks, for instance, it has never been possible, despite many attempts, particularly by the FRG, to come even close to agreeing on one type or a few types. The U.S., the FRG, Great Britain, France, and others produce their own types, are unwilling to share the profits. In the end the workers must pay for this duplication of effort. But even when it comes to armaments cooperation, the striving for maximum profits dominates.

Under socialism, on the other hand, there is only one goal, to do everything for the good of the people, i.e., to bring about the unity of economic and social policy in a tangible fashion and secure a lasting peace. For that reason the Socialist states wish to hold the cost of national defense down to what is absolutely necessary. Their military-economic cooperation produces considerable savings in procuring the needs of national defense and contributes to achieving the aforementioned goal.

Further developing and strengthening this path is one element in perfecting the work of CEMA.

[Question] What is the main content of the resolutions of the 43rd session of CEMA and what is the schedule for implementing them?

[Answer] As I have already said, we are talking about a qualitatively new stage in economic cooperation among the member-countries of CEMA. It is to be reached through the following measures:

First: The main path of further development is all-around intensification in the economies of the CEMA member-countries. The main goals are to increase labor productivity, reduce energy and materials consumption,

and produce goods of high quality and world-class operating characteristics. To accomplish this, wide use will be made of the results of scientific progress, particularly in the key technologies. This will guarantee continuing high growth, which is necessary.

Second: In order to accomplish these goals, we need to strengthen cooperation among the CEMA member-countries. This must lead to an effective division of labor, a mutual complementarity of economies through production specialization, and reliable cooperation.

Demand, starting from raw materials and fuels, through machinery and equipment, components and spare parts, and on to consumer goods and food is better and better satisfied.

Third: Continuing to take an important place in CEMA's new stage of development are measures to accelerate the gradual process of bringing all the CEMA countries to the same level of economic development. Above all, this includes support for the Mongolian People's Republic, Cuba, etc.

Fourth: A central point in the further development of CEMA is to strengthen its position world-wide. By increasing its economic strength, CEMA will increase its influence on the world economy and on the processes occurring there.

In order to achieve these tremendous goals, CEMA has decided to work out a "Collective Conception of the International Socialist Division of Labor for the Period 1991-2005." This represents an effort to attain the strategic goal of achieving, expanding, and securing for the future a leading position in the world in the areas of science and technology and in the production of important goods, through a dynamic development of CEMA's economies. At the same time, the intention is to modify the mechanism and the methods of cooperation.

The member-countries of CEMA will cooperate on three levels to coordinate these plans:

- on the Government level to determine economic and scientific-technological policy;
- on the level of the leading sector and industry organs to determine the specialization, technical conversion, and effective use of facilities; and
- on the combine and enterprise level to determine production and scientific-technological cooperation, to coordinate cooperation, and to establish direct relationships. This will include the creation and operation of joint enterprises.

It was also decided to dissolve a number of CEMA organs, particularly industry commissions, and to manage more generally through committees. This is intended to eliminate a sometimes too clumsy administration.

[Question] In light of the planned changes in CEMA, what are the main specific tasks for strengthening Socialist military-political integration and making it even more effective, and what can the members of the NVA and its civilian employees contribute?

[Answer] The transformation of CEMA gives rise to two specific classes of tasks with respect to the economic underpinnings of the national defense of the GDR.

First, there are the consequences that arise for the state and economic organs of the GDR in their relations with CEMA member-countries in military-economic and scientific-technological cooperation in the development, production, modernization, and industrial overhaul of military equipment.

Second, there are tasks for the NVA itself with regard to its participation in these processes, as well as in its military-technological and military-economic cooperation with the fraternal armies.

On the first point I would like to say this: Naturally CEMA's main goal—to achieve greater effectiveness, to ensure rapid growth, and to better meet demand in all areas—also means accomplishing this goal with respect to the economic underpinnings of the national defense in each country and in the coalition as a whole.

For that reason, it is important, in light of the military doctrine of the Warsaw Pact states and of the new military-political circumstances, to ensure that the military-technological and military-economic implementation of our defense concept is such that it provides military strength and stability adequate to the hostile threat. Just as in other sectors, so too in the development and production of military equipment does achieving the highest effectiveness require making comprehensive use of the results of science and technology both for the military product itself—e.g., for the antitank weapon—and for the production technology, which must as effective as possible and employ modern methods, down to the flexible, automated production of components. Naturally such production is most effective when it is organized not for one army for but several. This is the direction in which we must move even further.

Now for the second point, for measures within the NVA itself. The NVA must, under the responsible organs, do all that is necessary to live up to the new stage of military-economic cooperation in CEMA and of military-technological and scientific-technological cooperation among the armies. This involves, for instance, finding comprehensive answers to all the questions involved in the mutual supply of military equipment and its effective use by the troops. That is to say, along with the actual piece of equipment also making available the documentation for training, use, service, and overhaul, as well as components and spare parts, to mention just a few points. This is particularly necessary for weapon systems of such scientific-technological complexity and



variety that it is impossible to master them otherwise. Such capable modern weapon systems are growing increasingly expensive, however. For that reason it must be the task of army personnel to achieve high fighting strength and combat-readiness with them and to avoid breakdowns much less accidents. In servicing and overhauling this equipment, army personnel and civilian specialists must display the greatest care. It is of very great economic importance in this connection to reuse or ourselves produce components and spare parts.

12593

## GERMAN DEMOCRATIC REPUBLIC

### Worker Militia Night Training Highlighted

#### Night Tactical Training

23000121 East Berlin DER KAEMPFER in German  
No 5, May 88 p 5

[Article by Capt Hinze, People's Police: "Night Training"]

[Text] Performing duty in the field often calls for maneuvers at night. Thus, the most effective use possible must be made of the time available for night training. The foundation for this is laid in the planning stages of training. In keeping with the well-known principle that maneuvers at night are planned during the day, the start of night training should be planned in such a way that its initial phase begins at dusk, and the maneuvers continue in ever-increasing darkness. Squad and combat group leaders should be prepared for such (IMA) training. This, particularly, makes it possible for the commandant to demonstrate methodical planning. It is especially useful to present the specific requirements of night training to the instructors in as clear a manner as possible, and to show them how to meet these requirements. What constitutes these specific requirements?

Demonstration of the activities by the instructors is different than it is during the day. Monitoring activities becomes more difficult for the instructors. In the course of training, the instructor has no visual contact with the unit as a whole. Orientation in the field becomes more difficult; the unusual leads to uncertainty among the trainees. Assuming that the exercises that are to be conducted at night are not entirely unfamiliar, the emphasis is on honing skills under unusual conditions, together with inculcating and reinforcing tactically sound activities. Among other things, this involves preparing weapons to shoot at night, the deployment of a larger number of weapons, working with night vision devices, exploiting the possibility of artificial light in the field, including the establishment of illumination orientation points, the organization and effective use of listening posts, the relay of commands, orders, and reports, the establishment of signals of mutual recognition and cooperation, insuring the concealment of light

and noise, increased security of flanks and gaps in the order of battle, the use of structural means and other aids to insure timely recognition of the enemy.

Once the proper training foundations have been laid, training in concealed maneuvers should take place. Beginning at the squad level, this can progress step by step until it becomes a reality for an entire combat unit. In this process, too, the skills acquired in previous exercises during the day form the basis of new skills. Taking the time available for night training into account, however, not all activities required for tactical maneuvers can be practiced. It is of primary concern that the training include the salient points. These include leading units and cooperation within the order of battle as well as with adjacent units.

From the standpoint of methodology, the same principles are used as during the day. The following should be taken into account:

- The training site must be selected during the day.
- If possible, night training should begin at a location that is familiar to the troops.
- Within the time allotted to night training, the tasks required become progressively more difficult.
- Opportunities for lighting the field must be created.
- For purposes of demonstration and monitoring, distances and gaps within the order of combat are narrowed.
- The primary method is drilling.

#### Night Reconnaissance Training

23000121 East Berlin DER KAEMPFER in German  
No 5, May 88 p 5

[Article by Lt Col Behr, People's Police: "Night Artillery Training"]

[Text] Taking advantage of night or limited vision and paying attention to the disadvantages as much as possible are requisites that must make their mark in training. Particularly in the case of artillery units, a series of problems which must be addressed present themselves in delineating targets. It is therefore essential to acquaint the troops with the conditions of night maneuvers, particularly with regard to target identification, to train them in the use of various aids, and to train them thoroughly in determining precisely the initial data and activities involved in operating artillery pieces and minethrowers.

The instructors should particularly concentrate on the following: issue the units their orders and areas of operation in daylight (including the firing and observation sectors), examine and establish night orientation



points (NOPs), taking care to observe the enemy's movements, study the terrain before and after the onset of darkness intensely, taking note of its relief and salient features, check night illumination, see that it is made available to the optical instruments and other instruments, taking care to observe the rules of light concealment strictly. Organize the table of organization for those on duty and advise those affected. Check the orientation of the optical instruments.

In carrying out the objectives, the organization of cooperation is to be strictly followed. Precise information about what those objectives are is absolutely essential. In coordinating the operation, it is necessary to establish common reference points and common signals. In the case of those units firing from concealed positions, (FPs), it is particularly difficult to measure the coordinates between the firing positions and the observation posts (OPs) using the well-known methods once positions have been changed. For this reason, those units firing from concealed FPs should, if at all possible, avoid changing position to such areas in which measuring the coordinates of the FPs and OPs was impossible during the day. Another difficulty is posed by the fact that the unit is incapable of using reference points that are sufficiently far away at night to assure a precise orientation of the systems and instruments in the desired direction. It will therefore be necessary to establish NOPs in the FPs and near the OPs. At night, every kind of observation, whether it be with the naked eye on bright nights, or with artificial illumination of the area or target area on dark nights, or observation with the aid of optical instruments, is something to which one is unaccustomed. Objects that stand out quite clearly from their surroundings in daylight often blend into them at night. They lose their colors, and judging distances becomes difficult. Depth perception is not as pronounced at night. In determining targets, the troops are forced to rely on illumination apart from the targets, which is betrayed by the muzzle flashes. Even targets that are identified in daylight are followed with optical instruments at night, then destroyed if need be. Optical target identification at night should always be supplemented by listening posts. It should always be kept in mind that at night the depth of definition, and, to a certain degree, the precision of the target data, is somewhat diminished.

The other activities of the troops, tending the systems and instruments, work associated with preparing the emplacements and their camouflage, the preparation of the ammunition, at night, etc., all lead to fatigue sooner or later.

In the FPs, night reference points must be prepared for night firing, and the optical instruments and the calibration of the systems have to be checked. The sorting of ammunition has to be done, and the area has to be prepared, so that movement without light is possible, worklights have to be shielded, and preparations have to be undertaken in the FP for monitoring maneuvers at night.

—Take advantage of the terrain at each move as you would in daylight because the enemy learns from it and deals accordingly.

—Subduing noise takes precedence over speed in surprising the enemy.

—Give orders by hand signals or other signals.

—Take advantage of outside noises (high winds, among others) for quick movements and the seizing of certain segments. If the field is illuminated, stop moving immediately (without being ordered to do so). Never look into the light!

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### Engineer Troop Commander Cites Training Goals

23000119 East Berlin MILITAERTECHNIK  
in German No 4, 2 May 1988 pp 170-172

[Interview with Lt Gen W. Seifert, Cdr of Engineer Forces of the NVA]

[Text]

[Question] Comrade lieutenant general! A basic requirement for the development of the combat, deployment and mobilization readiness consists in the extensive and lengthy intensification of the military processes. What importance do you ascribe to intensification in the Engineers, and how would you describe it?

[Answer] We are now in the second half of the 1987/88 training year, and in a few weeks preparations for party elections will begin in all basic SED organizations of the Engineers—an additional reason to take stock. If we look at the development which the Engineers has undergone since the 14th delegate conference and the 11th SED Congress, it turns out that the extensive and lengthy intensification of the military activity has become a key issue in order to fulfill the imposed tasks even more efficiently. By intensification of the military activity I mean a broad field of deliberate processes to be shaped according to the plan. Although intensification presumes that time, effort and means must be saved for individual tasks, it does not exhaust itself solely in economy measures.

New solutions of principle are required for long-term effect on all the principal processes. More is involved than only opening up the reserves for initial action. Achieving the intensification of military activity is a continuous challenge to the creative capabilities and imaginative participation of all who belong to the Army or are civilian employees of the Pioneers.

[Question] What demands does this pose on the work, and how are the intensification measures carried out in the Engineers?

[Answer] This requires basic analyses of the actual situation. Important knowledge from troop practice is gained by checking and discussing with the chiefs, leaders and commanders. Significant impulses originated from the general meetings of the party organizations last August for increasing the quality and the pace of intensification. Because of its complex character, the process of intensification can only be efficiently carried out in its combination of military necessity and economic feasibility in accordance with a central plan. This operational document contains, besides the central tasks, all the priorities, requirements and tasks of the Engineers from the aspect of the Ministry for National Defense. On the basis of this, varying measures for the intensification and rationalization were determined in discussions with Engineer commanders in their fields of responsibility. Corresponding to the demands of the basic documents, service regulations and commands, the principal efforts are in the areas of intensification of staff work, combat training and engineer-oriented maintenance

The tasks in engineer maintenance require, more urgently than ever, that the measures of improving the Engineers in preparation of the defense, including the tasks of barrier service, are fulfilled in the allotted time and with the required quality.

It is necessary to deliver more precise intelligence data in a shorter time than before, to increase the efficiency of camouflage as well as the protection against enemy weapon effects, including precision weapons.

Further, this includes guaranteeing the quality of the water supply in a stable manner, and doing everything in order to organize the material, time and cost-related processes more efficiently.

[Question] You emphasized that intensification is understood not as temporary necessity but as a part of the constant, planned work. What influence does the troop command have on practical intensification results?

[Answer] Scientifically based leadership activity is not only a precondition for undertaking intensification in the troop, it becomes an important intensification factor in itself.

Only from a central point of view is it possible correctly to define at a given time the development trends and respective value of individual branches such as funding for combat training, replacement or overhaul of engineering equipment and maintenance of supplies of materials and spare parts. Concepts that call for only partial success to be sufficient in individual areas have always been false; they are damaging to the fulfillment of the tasks.

Intensification and rationalization measures are only possible with the people. All members of the Army and civilian employees must be won over and qualified.

Military-economic thought and action are not tied to certain command levels. Decisions by higher staffs have greater impact, of course.

It seems essential to me that at every command level, down to each soldier, it is important to overcome ideological barriers regarding intensification and to recognize each person's own responsibility for fulfilling the tasks to the full extent. To complete the duties imposed in the given time, with the best quality, and using the planned resources with the greatest efficiency, that is the way to make intensification lasting and extensive and thus effectively improve the working, service and living conditions.

An important place to perfect command activity is sensible simplification of command documents. Allocations of forces and means are limited, but the increase in efficiency is not. This provides a broad margin for initiatives, a wealth of variants and the readiness to take risks.

The socialist competition and the Innovators' work play an important role in this context. Each initiative, each idea must be promoted, nothing may be lost, for the results serve solely to achieve better results in engineer maintenance.

[Question] The complex intensification of all military processes is and remains a requirement for all of society, an immediate economic necessity, a political need and a military legitimacy. In this framework, how do you rank the increase in efficiency in combat training?

[Answer] The focus of the intensification is tactical training. That is and remains the principal test field for our activity.

As in other service branches, special troops and services, great efforts have been made in the engineer troops as well to intensify the training process. The following ways proved valuable in practice:

First of all, the efforts to bring about better management of engineer equipment in the given time. Second come all the measures whose result is to achieve equal or greater efficiency in the same period of time and with less expenditures. Here, the contribution of trainers, simulators and instructional techniques must be particularly mentioned.

Complex training measures occupy an increasingly greater space. In the last few years they have gained importance in all military services.

In order to fulfill these complex tasks with good results, every commander is well advised to organize optimally all training subsections according to the ratio of spending to intended combat effectiveness, in close cooperation with his staff, the SED and the FDJ basic organizations. This begins with the organization of the general military

service, of technical training, includes maintenance activities as an inseparable component of utilization, touches on repairs and ends with sensible planning of leisure time.

In this context, the basis of the training occupies an important place. Constant perfection and efficient use of it leads to favorable results in training. In many engineer troops major effort was expended to improve the grounds near the barracks in accordance with the most important special training branches. For special training installations, such as in the diving and barrier service, it is useful to create training bases at selected troop units where favorable preconditions are present. Thus, transportation costs, preparation times and wear and tear on engineer technology can be effectively reduced and better training results achieved.

Intensifying training presumes that organizational, pedagogical, administrative and economic factors are taken into account, but it is primarily an ideological process. Today's training requires not merely specialized additional education. New techniques and improved technologies require new modes of behavior and a greater sense of responsibility by our Army members.

[Question] How can the training of engineer troops be further intensified by means of training equipment?

[Answer] At the present time a number of such effective means of instruction are being used in the engineer troop units. As examples may be mentioned the training equipment for the PMP pontoon park and the FR 78 M amphibious ferry, as well as the training device for teaching the assembly of the KMT 5 mineclearing device.

At the training institutions, simulators for driving and training technology for engineers are used to train drivers for engineer work. In this manner it is possible to save 10-15 percent of the annual utilization standard for training.

Particularly in the engineer troops of the ground forces, the problems of intensifying combat training are a fixed component of the central training measures. Thus, in a course on methods at the Kurt Roemling unit toward the end of last year, 26 exhibits from the MMM movement [Fair of the Masters of Tomorrow] were presented, among others, which are intended to help make the training even more efficient.

In order to inform about the existing means of training and their correct application in troop practice, a permanent exhibit was created. Deputies for the training commander are regularly schooled in this facility.

The initiatives described show that the requirements of our time are correctly understood.

The next tasks in additional intensification and rationalization of the training in my opinion do not consist of an enormous increase in the number of trainers and simulators, but consist in raising the degree of utilization and improving their opportunities for utilization. A reduction of the times of preparation and organization for each training medium should be achieved, the representation of real, external influences such as terrain, weather, visibility conditions, high noise level, etc., should be improved, control opportunities for the instructor expanded and evaluation times shortened. These tasks form a broad field of activity for sensible innovation.

An important place in the intensification of combat training is held by our varied cooperation with the engineer troops of the GSFD [Group of Soviet Forces in Germany]. Exchange of experience is and remains the cheapest investment.

[Question] What methods are being applied in the engineer-oriented area to ensure effective and economic utilization and to maintain operational readiness? What additional measures can be implemented for this?

[Answer] The 14th general meeting in all consistency imposed the demand that the effectiveness of the maintenance and supply processes should be raised to the level of the 1990's. Corresponding to the necessities and possibilities, major efforts were recently undertaken in order to achieve the required intensification thrust in the engineer-related field. As examples I would like to mention the following factors:

First, it is necessary constantly to analyze the utilization and repair processes under strict observance of cost and usefulness and to deduce the appropriate measures.

That starts with adherence to the guiding principle and extends to frugal use of material and financial means. The expanded maintenance tasks require more efficient technical and technological methods, in order to restore the reserves in hours of operation and running performance in the available time and with the necessary quality.

At the moment studies are being conducted as to the extent at which modern lubricants and special fluids, such as in the hydraulic installations of engineer technology, can be used. By using all-season oils, the variety of types of hydraulic oils could be reduced, and furthermore costly oil changes could be cut back to a minimum. If the test result is positive, the corresponding instructions will be worked out in cooperation with the Fuel and Lubricant Service and the measure will be centrally provided for as regards materials.

The troop is only helped by "round" solutions, that is my maxim.



The technological process of repair must be optimized. Wherever possible and appropriate, new technologies and materials should be used. For repairs it is a matter of shortening the time spent in the shop, and of raising the reliability of engineer technology and the proportion of component assembly and parts repair. A high level of economy must consistently be implemented for spare parts. Thorough tests must be made to determine which imported replacement parts can be substituted while strictly maintaining the necessary technical conditions.

Second, manifold measures must be implemented in order to further increase the operational readiness of engineer technology and the efficiency of engineer supply. Great importance is placed on in-house efforts. The necessary capacities must be assured with the unit's own forces and be consistently utilized for fulfilling the tasks of the main effort.

In past years, for example, the construction of temporary and underwater bridges was rationalized with the objective of increasing the speed of construction. Improvements in the subareas, such as the building of treadways, in preparing supports, in transportation and assembly led to a new quality overall.

As a third factor I would like to mention the safeguarding of complex measures which contribute to the improvement of storage conditions and the survivability of the engineer equipment.

Fourth, it was possible to increase the performance capability of the engineers in accordance with the plan, by introducing new technology in equipment and by modernizing the applied technology according to the most recent state of science and technology.

The fifth factor is sensible utilization of modern computer and information technology, in order to simplify the planning and reporting system and arrive at a noticeable reduction in administrative work, particularly at the command levels. This process requires greater efforts from us. At the moment solutions are available for rationalizing the planning, accounting and verification systems for utilization as well as for reporting the operational readiness of the engineers.

The goal should be to plan, work and report according to a uniform principle, independent of the special service or the corresponding branch of service to which one belongs.

The tasks for the individual command levels are derived from these factors. The basic precondition for efficient use of technology is that the stipulations for utilization, maintenance and repair are fully adhered to.

[Question] What results have so far been achieved on the basis of using office computers to rationalize and intensify planning, accounting and inventory procedures, and what tasks must in essence be accomplished there?

[Answer] With broad use of powerful workstation computers in the National People's Army, the result was, of course, new opportunities and demands for the leaders and all coworkers of the Engineers as well, both quantitatively and qualitatively. This extended from qualification through operational readiness to utilization of computer technology.

Already during the phase of operational preparation of decentralized data processing technology, we began to qualify coworkers at civilian and military facilities. They received the required knowledge of computer science fields and regarding the opportunities for using computer technology.

Concurrently, we undertook operator training at the organization and computer center, information instruction of all Army members and civilian employees active in this process, and appropriate further education in their own field. This ensured the general preconditions for training of instructors and operator personnel, so that with the introduction of workstation computers immediate effective operation could be initiated.

So far, the use of workstation computers has primarily taken place in the interest of rationalizing and intensifying the planning, verification, repair and maintenance processes. After 1 year of operation, I can determine that in these fields of activity considerable savings were accomplished. The quality of work was increased and working time was saved, time which was used to solve conceptual tasks. With the workstation computers a universal system was created, which enables us to plan more according to need, to utilize optimally the material and financial means and to assure a timely supply, with the right assortment of goods.

In addition to preparing for the introduction of the standard data processing application "Assured Maintenance of Materials Inventory," as well as the fastest possible acquisition of master data amounting to about 20,000 data records connected with it, 16 autonomous binary code applications with the required standard software were transferred into the operation. In this context, I would like to thank all those involved for their great achievements.

But I would also like to stress that we are only beginning a qualitatively new chapter of modern information processing.

In the future it is necessary to continue with the utmost consistency on the road we have begun. Again and again we must carefully take stock, work up what has proved itself and take new steps in quality, so that by means of computer technology we can get universal and stable solutions of a complex nature. The goal is to achieve a high level of organization in inventory maintenance and in dealing with material assets, to reduce the cost of the TUL processes and noticeably to improve the working conditions and results in the individual fields.

[Question] Comrade lieutenant general! On behalf of the readers, the editors thank you for your comments and wish you much success in solving the extensive tasks.

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## GERMAN DEMOCRATIC REPUBLIC

### Chances for Reaching Economic Goals Hurt by Midyear Results

23000131a Frankfurt/Main FRANKFURTER

ALLGEMEINE ZEITUNG in German 28 Jul 88 p 10

[Article by Ke.: "Slim Chances for the GDR To Reach Economic Goals: German Institute for Economic Research (DIW) Calls Economic Development at Mid-year Disappointing"]

[Text] Berlin, July 27—The economy of the GDR still faces major difficulties. This year's production flow has once more been affected by shortages of labor, supplies, and spare parts. The economy is still suffering from the restrictive investment policy of previous years. That is why an analysis by DIW in Berlin thinks it very doubtful "that the GDR will fulfill the economic goals projected for 1988." The Institute furthermore believes that officials have already shelved the current 5-year plan because its goals have grown beyond reach.

According to the GDR's Central Statistics Office, national income figures for the first half of 1988 have already exceeded those of the same time last year by 4.1 percent and are therefore right on target for the entire year's projected growth. Economics experts in Berlin; however, claim that such favorable results owe much to the inclusion of several special factors. The consideration alone, that the first half of 1988 contained 2 work days more than the comparable period in 1987, would reduce the rate of growth to 2.5 percent. If one considers in addition, that the comparable data of 1987 were unusually low, one must conclude that the first half of 1988 has been a disappointment to the GDR economy. Since no such special factors will apply to the next half of the year, projected growth for the entire year can only be reached by an accelerated economic performance during the next few months. According to the Institute, this is highly unlikely because "the hoped-for push from science and technology related sectors has failed to materialize." It also would be difficult to correct in such a short time problems related to labor, energy, and material shortages, as well as to out-dated production facilities.

[Boxed item: It seems foreign trade has also failed to live up to the expectations of GDR leaders. According to estimates by DIW, trade with nonsocialist countries has slumped by 7 percent during the first half of 1988. The foreign trade balance with the Soviet Union has also gone down. On the other hand, imports by the Federal Republic have increased by 8 percent for the first 6 months; at the same time, exports from the Federal Republic to the GDR have dropped by 11 percent.]

Additional problems come from power plants that by now have reached "critical conditions." DIW writes that since many power plants have already reached or overstepped full capacity, one can expect increased damage due to wear and tear. A repair program enacted in 1987

will tie up industry and the construction business for years to come. Similar worries exist in the supply sector. Even though 1988 saw some improvements, much remains to be corrected. In addition, bad weather during the first 6 months of this year has hurt agriculture.

DIW points out that preliminary data for 1987 indicate that the GDR's debts owed to Western countries have increased by 6 percent last year. They were cited as \$ 9.3 billion at year's end—compared to \$8.2 billion the previous year.

13196

### Problems in Agricultural Production Noted

23000131b Vienna NEUE AZ (Supplement) in German  
15 Jul 88 p 5

[Article by Fritz Dittlbacher: "Comrades in the GDR Worry About Agriculture"]

[Text] In the United States one of Khrushchev's goals—"the agrarian-industrial complex"—has become reality quite some time ago, while the planned economies of the Eastern bloc still struggle to achieve it. Russia, the world's grainery in the 19th century, has to import grain for billions of dollars year after year. Romania experiences hunger riots. Some villagers in Ceausescu's "own country" have not seen acceptable meat in several years.

And the GDR, the political and economic showcase of Comecon countries, lags 20-40 percent behind the FRG in production.

Dieter Schulz heads the leading cadre in the research center for livestock production in Dummerdorf, Mecklenburg—about a 2 hours drive from Berlin. The center is part of the Academy for Agriculture and is considered to be the showpiece of East-German agriculture. Its milk cows with an average yield of 6,410 kg per year compare favorably to Austria's best milk cows. However, the GDR's regular, average milk yield comes to only a meager "3,900 kg," says Dieter Schulz, "and that is only about 80 percent of comparable values in the FRG." Concerning the grain yield, Schulz quotes 46 decitons per hectare—West-German farmers top this number by a third.

All in all, it seems impossible for agriculture to ever reach projected yields. While the West suffers from surplus production, the East seems helpless to do anything about its low production.

Even though two to four times as many people as in the West are working in agriculture (or about as many as worked in Austria in 1970), the GDR cannot fulfill the demand for fruits and vegetables.

Not only exotic fruits are rare—figs have been unavailable for the past 20 years—but domestic produce, such as potatoes are also in short supply. The East-Berlin

caberet "Die Distel" pokes fun at this situation by showing the old Prussian king Fritz as saying that his peasants were never known for their smartness; and people in the streets quip that the most effective reform of the past few years has been to tighten the ropes around the potato sacks.

All in all, the quality of GDR agricultural products is poor and the quantity insufficient. The GDR has to import grain—to "fatten up our pigs"—as officials say.

Also, foodstuff is not cheap—with the exception of a few heavily subsidized basic items. Dieter Schulz says a third of everybody's income is spent on groceries.

While alternative planners in the West are responding to problems in agriculture by supporting small farms that practice organic farming and careful land utilization, planned economies in the East are by necessity still pursuing a strategy of ambitious expansion. The research and development program at Dummersdorf sounds rather anachronistic to Western visitors. When Dieter Schulz mentions raising pigs, he only talks in quantities of thousands, such as large operations with 6,000 pigs, and somewhat more typical farms with 1,200 head. It seems that big is beautiful—despite the fact that the GDR has had some less than positive experiences with large agricultural operations.

Although state owned farms constitute the largest operations and take up 20 percent of all agricultural resources, they only turn out about 17 percent of livestock, and 15 percent of the produce production.

Agricultural producer cooperatives (LPG's) show better results. Small and medium sized farms were told to form such cooperatives in the forties and fifties. Today they produce the biggest share in the meat and produce sector and are indispensable for supplying basic food supplies.

Supplying citizens with special treats is completely in the hands of private enterprise. Each member of an agricultural brigade can claim a quarter hectare of land for private use.

This acreage together with small garden plots of about 250-300 square meters that mushroomed everywhere during the past 20 years, produce everything that adds variety to the daily fare in the GDR: 50 percent of all fruit, one-third of all eggs, all the honey, 99 percent of all rabbit meat—produced by 1.5 million small animal breeders who tend their charges after work—and 10 percent of all beef and pork.

The GDR is in dire need of agricultural reform. Last available figures show that from 1985 to 1986 the consumption of eggs dropped by 2 percent, the consumption of vegetables by 4.5 percent, and that of fruit by 9 percent. As the West is grappling with the problem of

surplus production, the East is plagued by the problem of want. It seems that in every social system the words "agriculture" and "problem" are inseparable.

[Boxed item: The GDR looks fine in comparison to other socialist countries—even in the agricultural sector. Nevertheless, a bit of agricultural perestroika would be beneficial.]

13196

## HUNGARY

### Need for Changes in Agricultural Policies Discussed

25000217 Budapest FIGYELO in Hungarian No 27,  
7 Jul 88 p 11

[Article by Dr Bela Csendes: "Give Us New Agricultural Policies!"]

[Text] The "Hungarian model," i.e., agricultural and cooperative policies that take into account the realities, and the symbiosis of modern large- and small-scale agricultural production, attracted international interest and drew appreciation. Why is it nevertheless necessary to reconsider our agricultural policies and to change the production structure of our food economy, as well as the methods of our economic management and our ideas concerning ownership and behavior of the producers?

Our conception of socialism is changing, and fortunately we are not alone in this respect. Our ideas concerning the economic and social role of the state, the working of the sociopolitical institutional system, the roles, rights and aspirations of our fellow citizens, have all changed radically.

All this requires changes of various trends also in our agricultural policies. We have to foster human initiative, risk-taking and entrepreneurship. This requires a reorganization of social relations, their comprehensive development and enrichment.

### New Kind of Internal Incentives

The principal trends of the changes are already perceptible. They are the following: increasing recognition of the need for small- and medium-size production units as opposed to the all-embracing structure of the large farms; the realization of the existence of various interest sectors within the large farms; and the strengthening of ownership consciousness.

The problem of internal business interest and entrepreneurship belongs to this line of thought. The enrichment of the life of village populations and the development of local conditions through spontaneous cooperation are unthinkable without the introduction of certain forms of incentives and entrepreneurship.

The generalization of business management in the true sense of the word demands such operating conditions, labor organization and internal business management which are different from what is now in existence. The various forms of internal incentives and entrepreneurship which already exist in the enterprises' practice, provide ample opportunity for this.

Intelligent practical solutions are indispensable and worth following. However, if they are not supported by theory and if ideology does not clarify them, the right practical processes cannot be disseminated and are in danger to be lost. Nowadays this would have fatal consequences.

The enterprise structure of our agriculture is based partly on large farms and partly on small ones. The coexistence of the two and the important role of integration in the large enterprises have produced a relatively effective labor management.

The dissemination of internal incentive conditions and forms of entrepreneurship, the evaluation and theoretical analysis of their experience may render the division of labor more efficient. The creation of conditions for internal entrepreneurship may fill the vacuum in various areas caused by the lack of medium-size farms.

We cannot postpone any longer structural changes that follow market conditions. It is also likely that this cannot be accomplished by means of sweeping programs. We need such organizational, ownership and incentive conditions which make a flexible and rapid adjustment to the changing economic conditions possible, and which are sensitive to the changes in demand for labor-intensive products of small volume.

### Entrepreneurial Variations

Certain internal entrepreneurial units which are to a large extent independent and work with business incentives are able to do this under proper economic conditions. The large economic units prefer other production structures than the medium and small ones.

Some well-selected, largely independent business and entrepreneurial units with ownership characteristics are promoting the development and modernization of large farms. They are able to profitably use land and equipment that cannot be efficiently exploited by the large enterprise. They enable their large partner to concentrate its material and intellectual resources on the areas which are the most profitable.

They can provide additional resources for production. By enlisting the help of family members and acting with the care and initiative of an owner, they mobilize such energies that would be lost if left to the care of a hired worker.

Such patterns of internal incentive and entrepreneurship are capable, under advanced conditions of profit sharing, to develop—in various ways—ownership consciousness and management, and to mobilize powerful social and economic energies. They may change the way ownership operates and may fill social ownership with new content.

They also could furnish the sometimes drained cooperative structures with real cooperative and ownership content. However, in order to allow this to happen, the cooperative should really serve its members' interests. Management should act in favor of the members' welfare and interest, and hierarchical leadership which is based on the existing power structure should change.

The accomplishment of internal incentives and entrepreneurship may place cooperative democracy on a new foundation, but it also makes it indispensable. Engaging in ventures, leases and other forms of profit making cannot be really satisfactory when their conditions are not formed on the basis of publicity and according to the will and interest of membership.

Equal chance and competition must be granted to all cooperative members. Compliance with the commitments must be strictly enforced, but the conditions stipulated by the agreement must also be observed.

Internal incentive patterns and the advanced forms of entrepreneurship may also promote interest in the enterprise's assets. Although they cannot serve as a substitute for entrepreneurial interest in the property (which should be developed as early as possible, yet a few theoretical questions must first be clarified), they may foster direct interest, in some areas and for certain groups of employees, in the growth and proper exploitation of property.

### Conditions of Incentive

In practice we find various degrees of internal incentive and entrepreneurship. In some enterprises autonomy is merely formal, while in others goods-money relationship developed; some entrepreneurs even have their own bank account. In such enterprises the economic regulators and the impact of the economic environment already have a direct impact on the internal units.

Hopefully such systems will fast become widespread in the future. They would be able to internally transform the management of large units. They may go as far as to change them, renew them internally, prompt them to concentrate their activities on the organization of ventures, and bring to the fore the integration of profit-making.

Our experience has shown that independent, isolated internal incentive conditions and entrepreneurship are spreading in certain branches (for example in animal husbandry and gardening) particularly quickly. On the



other hand, in the profitable branches of the large farms (particularly in grain production) the modernized and incentive-rich variations of the traditional large unit division of labor are prevailing over the independent and separate operational patterns.

#### Without Stereotypical Patterns

Experience of the last decades has shown that the enforcement of simplified patterns in agriculture caused much damage on both the economic and the social level. However, there has always been enough flexibility and resourcefulness in the farmers to correct the wrong steps.

We have to avoid stereotyped patterns and should adopt varied and versatile solutions which take existing conditions into consideration. We should not press for the introduction of internal incentive concepts either. A campaign in favor of them may only cause damage, and it may even compromise the good solutions. Efforts which do not take properly into account existing conditions and try to radically change the entire agricultural situation at once, cannot be supported.

On the other hand, it would be justified to repeal, as quickly as possible, such income regulations which prevent the introduction of correct and promising solutions; modernize the price system, and develop favorable market conditions.

In the area of property relations we also need varied patterns, such as state, cooperative, private and mixed property, joint entrepreneurship, etc. In this area also we should avoid stereotyped, simplified patterns.

Our experience in internal incentive concepts and entrepreneurship show that the contours of such property patterns which are the most acceptable to our agricultural workers are slowly emerging. The patterns of cooperative ownership may be acceptable also in the future, provided it is modernized (reorganization of indivisible property, reestablishment of cooperative democracy, internal divisions, family or group entrepreneurship, etc).

Joint stock companies, trust property, communal ownership may be introduced to some extent and in exceptional cases. However, I do not think that they could be widely applicable. They are not widespread in the agriculture of capitalist countries either, and this cannot be accidental. The development and change of property relations can only be progressively accomplished.

## POLAND

### COCOM Decision, Boeing 767 Advantages Viewed Favorably

26000498a Warsaw PRZEGLAD TYGODNIOWY  
in Polish No 29, 17 Jul 88 p 4

[Article by Wojciech Kiss-orski]

[Text] The Coordinating Committee on Multilateral Export Control, COCOM (the NATO countries and Japan), recently gave permission to the Boeing Corporation to sell or lease its B-767-200 ER planes to Poland and Romania. I have no qualms about calling this a historical decision in Polish civilian aviation because it opens us completely new prospects for LOT Airlines. The Boeing 767s are, it appears, the best answer to LOT's current and future needs.

We waited for the decision for several months and the sign that it would be made was permission received by the West European Airbus Industry consortium to sell three A-310 wide body planes to the GDR.

According to recent information, not confirmed by our side, we will lease three Boeings for 12 years: two 767-200 ER (Extended Range) and one 767-300 ER (PRZEGLAD TYGODNIOWY described these plane extensively in issue 26 of 26 June 1988).

The first two models will reach us in April of next year, while the third will arrive near the end of next year. Several American and Japanese banks are to disburse the money for the lease. After 12 years, the planes would become the property of LOT Polish Airlines. Details will be known after the signing of the contract, which is expected to be finalized this month, with Boeing. In the meantime, we must continue to rely on unofficial information, since no one at LOT Polish Airlines has discussed the matter.

It is expected that we will receive completely new planes which are currently assembled at a factory in Seattle in the US. Their equipment will be no different from that in Boeing aircraft used by Western countries. I am writing about this intentionally because opinions have circulated that "our" Boeings were to be missing some navigational equipment. That is not true. However, it is true that technical servicing will be guaranteed by the Western side. The company will define specific terms in the contract. Indeed, training for Polish technical personnel is expected, but I think that foreign servicing of the Boeings is crucial in any case, and ultimately cheaper than if it were done in Poland. It is enough to consider the cost of the ultramodern equipment and apparatus needed for inspection that would have to be brought in.

The Boeing 767-200 ERs are the most modern and most economical passengers planes in the world. There is no doubt about this. Only two pilots sit in the cockpit. The concept of the so-called dark cabin has been adopted,



e.g., lighting signal buttons only in the event of a breakdown in the systems, components or equipment connected to them. The cabin computer recommends and calculates the optimum flight path, taking atmospheric conditions into account. An integrated data display on the front panel has eliminated the instrument panel of the cockpit engineer, who up to now sat perpendicular to the direction of flight.

The load capacity of the B-767-200 ER is twice that of the Ila-62 M. With a full passenger load (more than 200 people) and six tons of cargo, the plane can fly from Warsaw to Los Angeles without landing on the way! It is worth adding the loading and unloading this plane takes only 40 minutes.

First-class sections are anticipated in the versions we will receive—this will also be a first for LOT Airlines.

A few words about the model 767-300 ER, which will arrive in Poland at the end of next year. It originated, like the 767-200, by enlarging the wing fuel tanks, due to which it has an extended range. It is several meters longer than the "200," with the same wing span and height. It will hold up to 300 passengers. Experts say these planes will be still be modern in 10 years.

At LOT Polish Airlines, candidates are still being selected for training in the United States. The number of crew members necessary for one plane is six to 10 people. After a month and a half course, Polish pilots will be able to fly independently the first wide body planes in the history of LOT Airlines.

As we go to press with this issue of PRZEGLAD, both sides—representatives from Boeing and LOT—have begun discussions on detail of the contract.

12776

#### **Warsaw Marriott Hotel Joint Venture; Thai Guest-Worker Presence Noted**

26000559 Warsaw PRZEGLAD TYGODNIOWY  
in Polish No 31, 31 Jul 88 p 7

[Article by Wlodzimierz Krzyzanowski]

[Excerpts] The travel offices in Thailand never concealed the fact that one of their country's attractions—particularly for Europeans and Americans—was their exotic girls.

That is why men, eager to experience deep thrills, flock to this Asiatic country, and planes, especially on weekends, are full. All of the principle airlines fly into Bangkok. LOT (Polish Air Lines) planes also land at the airport in the City of the Angels, bringing tourists who are seeking thrills, and not just in Bangkok. For the price

of a cheaper ticket, they endure the couple-hundred-hour trip on an Ilyushin and the agony at Okecie. In traveling by LOT, they extend their adventure by a few dozen hours.

But recently something is beginning to change [censored material] (Law of 31 July 1981, on control of publications and performances, Art 2 pt 5 (DZIENNIK USTAW No 20, item 99, amended: 1983 (DZIENNIK USTAW No 44, item 204)), and guest workers are flying into Warsaw from Thailand.

Everything began on 16 January of last year, when an agreement was signed on establishing a company with foreign-capital participation, called Lim Joint Venture Ltd, which will complete construction on the Warsaw Air Terminal, located across from the Main Train Station, and then operate it. The company's shareholders are LOT Polish Air Lines, the Austrian construction firm ILBAU GmbH, and the well-known United States hotel chain, Marriott.

Lim Joint Venture Ltd obtained the building complex for a 27-year period—2 years to complete construction and 25 years for operation. The hotel will be operated by Marriott. This is to be a first-class, by international standards, five-star hotel.

Marriott in Warsaw will have 524 rooms with 1,111 beds in 488 double rooms, 33 apartments, and 3 deluxe apartments. The average room will measure 22 to 26 square meters, and the bathroom will be 4 square meters.

The gastronomical part is made up of three restaurants and a conference-banquet hall which will seat 1,540. In addition, on almost all of the 21 floors there will be a bar and a buffet. Nor did the designers forget about a night club, a sauna, and a swimming pool.

The construction director, Jerzy Poncyjusz, assures us that the construction of the entire complex will be finished no later than 20 October 1989. The Air Terminal will be 140 meters high and have a capacity of 410,867 cubic meters. The usable floor area will measure 101,826 square meters and the Terminal will occupy 2.5 hectares of land. At present, 705 workers and 72 people from management, supervision and security, are employed at the construction site.

The Austrian construction firm, ILBAU, employed, as subcontractors, 404 Poles, 96 Yugoslavs, a Turk, a Filipino, and 116 Thais. There are also 14 Austrians, mainly engineers.

"The Thais are looking for work in various countries, including in Austria, and they themselves applied to the firm with which we are coproducing," said director Gunther Kratochvill from ILBAU. "We employ them because they are really skilled workers. It would help if they could speak even a little English, because contact with them would be easier and more certain. But this

shortcoming in no way complicates the work, because the Thais read blueprints very well and do the tasks assigned to them with precision."

"We employ Thais because it is profitable to us and to them," explains Gernolt Leuthmetzer, manager of the trade section of ILBAU. "We are satisfied with their work and they are satisfied with what we pay them. So everything is OK."

"We were a little afraid of the contract with the Thais, not knowing what their demands might be," said one of the employees of the social department in Polish Air Lines, which provides the construction workers with housing and meals. "But they make no special demands, expect that we have to cook rice for them instead of potatoes. And that is really the only thing new, and our cooks have become accustomed to it."

"We have foreign firms on our construction job and we have guest workers. Probably the work that the Thais do could have also been done by Poles, but everyday at least two huge trucks haul in building materials and equipment necessary to build the Air Terminal, which ILBAU provides us. Therefore, this is a tie-in deal which we have to go along with. Without the collaboration with ILBAU and Marriott, we would not be able to finish the building on our own for at least 7 to 8 years. And that is the whole secret," says director Jerzy Poncyłjusz.

The Thais, who came to Warsaw by plane, are primarily pipefitters, and they have a great deal of work to do. In the Air Terminal, 700 kilometers of cable have to be installed, 10,000 lamps, 2 generators, 23 passenger elevators, 6 escalators, 5 computers, 3 telephone exchanges, 300 telephone instruments, an intercom system, and a paging system. Also an inside television system connected with a room-security system and a master antenna. The hotel portion will be equipped with 628 television sets on which two local channels, two satellite channels and four inside channels will be received.

"The building will be equipped with a world-standard electrical and plumbing system, providing all of the amenities," says the director. "Of the 17 basic systems, the one which will involve the most work is a complete air-conditioning system which provides for both heating and cooling, as well as air-humidification. It will be partially augmented by a system installed along the large glass surfaces. The drive into the underground, where there will be parking for 164 automobiles, will be heated by a separate installation, which we are assembling under the roadway. The swimming pool and its accompanying facilities will have floor heating. The fire safety system for the building is also very modern. It consists of a three-zone hydrant system and the installation of sprinklers. I am very satisfied with the work of the Thai pipefitters. They do an honest day's work, are quiet, and know the latest technologies."

"I watched as the Thais worked. They happened to be installing a heating system. And it is true, they do this very efficiently, with precision, and rapidly. They have the latest tools, which look as if they had been brought from the store just minutes ago. Their work areas are clean and tidy. They, too, are always shaven, freshened-up and in clean coveralls. The appearance of the Thai workers contrasts strongly with that of the Poles."

9295

### **Partnership Formed for International Business School**

26000530 Warsaw *POLITYKA in Polish*  
No 30, 23 Jul 88 p 4

[Interview with Andrzej Kozminski, chairman, Department of Organizational Theory, University of Warsaw, and Andrzej Zawislak, chairman, Department of Business Systems, University of Warsaw, by Andrzej Mozolowski: "We Are Taking the Risk Because We Believe in It"]

[Text]

[Question] A school? Who needs another school and a private one at that?

[A. Kozminski] Let me say once and for all right now that it is not a private school but one founded by a partnership. Just this last Monday we signed the agreement and now we are going to have the school registered.

[Question] What do you mean by we?

[A. Zawislak] We participants and I am omitting the founders of the partnership which include Furnel International, Ltd., the Polish Accountants Association, the National Foundation for Computer Education, Orbis, the "Ekspert" Organizational and Economic Advisor's Cooperative as well as persons such as Docent Grzegorz Domanski, professors Janusz Goscinski, Andrzej Kozminski and Stefan Kwiatkowski and Docent Andrzej Wieczorkiewicz. These are all well-known experts and one unknown (as he was once fondly described by Passent) which is myself, Andrzej Zawislak.

[Question] Let us start with money. Do you have any?

[A. Kozminski] We sold 1,000 shares of stock at 100,000 zlotys apiece. We therefore have 100 million zlotys and that is enough to start with. But let me say what sort of school we want. Its official name will be the International School of Management but abroad it will be referred to as the Furnel International Business School.

**Who and What?**

[Question] Let us get back to my question. What is this school going to teach and to whom?

[A. Kozminski] The school is obviously going to train managers. We first got the idea....

[A. Zawislak] And the father of the idea was Professor Kozminski....

[A. Kozminski] ...when we heard that many of our foreign capital partnerships in Poland were having enormous difficulties finding managers and people able to work with foreign partners. It is more than a matter of just knowing English but of understanding the concepts of the business world. Our people raised in a centrally planned bureaucratic economy think in no other terms than that. Furthermore, there are still many other things that they are unfamiliar with. They cannot, for example, work with minicomputer networks. They do not know marketing and do not know how to demand and use consulting (although we have an entire market of consultants). In Poland, accountants are generally fellows in shirtsleeves balancing columns of credits and debits but a modern accountant should be a first-class diagnostic able to analyze and determine the financial condition of a firm. I could go on and on....

[Question] Are our accountants so much worse than the others?

[A. Zawislak] Not that bad! At American universities I could make certain comparisons and they always satisfied me. Our students and managers are generally much quicker and more flexible in the way they think. They just don't know how to use their abilities because no one has taught them. At the same time, the system has taught them to be as passive as possible at their jobs and as active as possible in advancing their personal careers and that neither has anything in common with the other. Management is an art and a profession. One must have the predisposition, the willingness to accept risks, the energy and a great amount of knowledge. We want to nurture these talents and turn our street musicians into symphonic performers.

[A. Kozminski] All of the members of the partnership (and still others!) feel a drastic need to educate such people. We hope that as the spirit of efficiency spreads through Poland and replaces mystical bureaucratic thinking, the need for good managers will spread grow throughout the whole economy.

#### Pickles

[Question] The needs of our economy are as immeasurable as are its shortcomings unintended. Should your ideas be given some sort of priority?

[A. Zawislak] Naturally! But investments in people are not the cheapest nor the least expensive ones. Studies in the United States have shown that 92 percent of bankruptcies are the result of management errors. That is why the MBA schools and specialized courses are so popular

in the West. However, this is not cheap entertainment: the tuition for a year at the London Business School and the Imede School in Lausanne is 22,000 dollars while it is more than 24,000 dollars at IMI in Geneva.

[A. Kozminski] I know the best business schools in America and Europe and I must admit that they are all of very high quality. I have sometimes felt professional jealousy that we have nothing of this sort in Poland....

[Question] To be more specific now, what is the program for the International Management School?

[A. Kozminski] There will be various programs. The basic program, the one for our managers, is a two-year, four-semester one for manager training for an MBA. The admission requirements are a university degree, at least a passive knowledge of English (graduates will have a fluent command of business English), and a written entrance examination. There will be 8 hours a day of classes every other week on Thursday, Friday and Saturday and aside from economics, the subjects will also include marketing, finance, production management, personnel management, law, computerized management, strategic management, joint ventures and international aspects of management....

[Question] Excuse ... interruption but I want to ask if these are not subjects that are taught or should be taught at our universities?

[A. Zawislak] We even tried to set up just such a program in the universities but nothing came of it. You see, the universities are slaves to the old, inherited programs as well as to old professors. In business however, things are always changing and every few years the whole field changes so much that nothing you learned 6 years ago will mean much! We have to give our students fresh goods and not old pickles.

#### Education Will Cost!

[A. Kozminski] Aside from the basic program just described, we will also have short and very intensive week-long specialized courses on one subject for higher and middle management. These courses will have a double nature. Some will be organized to meet immediate needs such as the interpretation of laws, the creation of strategies for new economic conditions and management accounting under changing tax laws, etc. The second type will be single-theme courses on long-term management problems such as creating organizational strategies, the art of negotiation, employee motivation (wage systems), salesmanship, etc.

[A. Zawislak] We must add that we will also be starting courses for foreign managers involved in trade or financial contacts in Poland or other socialist countries. These foreign businessmen are often helpless in our economic system, one that they find extremely strange.



[A. Kozminski] Let me return to the four-semester MBA program. In their third semester, students will be able to specialize in one of the three fields named above. In the fourth and last semester, students will already be in the one field in which they chose to specialize. This will for the most part consist of active forms of self-education in small groups sponsored by a faculty member. There will also be practice in diagnosis and reporting to clients of the school who will then evaluate the quality of the work.

We expect to train one or two 25-member groups each year. Lectures will be in Polish and where possible in English because we will be inviting foreign lecturers. It will also be necessary to use English-language textbooks.

[Question] Will tuition be charged?

[A. Kozminski] Of course and it will not be cheap. Firms can pay the tuitions of the employees sent for retraining but private students will have to pay out of their own pockets.

#### **In Spite of All, We Believe**

[Question] Who will teach at the school?

[A. Kozminski] We have gathered a group of people with experience teaching at foreign universities. They have to be lecturers with international experience and orientation. As I said, we will also be inviting people from Western schools as "visiting professors".

[Question] How do you intend to arrange your facilities?

[A. Kozminski] For the first three years, we will be operating out of temporary rented facilities. In the fourth year we will move to a new building and dormitory that will be built at Goclaw in Warsaw by Farnel.

[Question] When does the school start?

[A. Zawislak] The first four-semester program will begin in a year but the shorter, one-subject specialized courses will be offered earlier.

[Question] A praiseworthy undertaking worth supporting but it has its risks. Are you sure that it will work?

[A. Kozminski] Of course we are taking a risk and staking our reputations, time, work, energy and our own money. Apparently we ourselves have that fundamental trait of a good manager and that is the ability to take risks. Of course, a risk must be prudently compared to the possible gain or loss and the probability of success. As they say, we are counting on the Polish system's becoming more efficient and streamlined, more money coming into the economy and its becoming internationalized and market-oriented. We believe that there will be

established the sort of conditions in which managers without the good business skills offered by our school will be helpless. We are taking the risk because we believe in a better future.

[Question] I can only wish you luck and thank you for the conversation.

12261

#### **IFC Loans: Cooperatives Unable To Successfully Compete for Credit**

26000562 PRZEGLAD TYGODNIOWY in Polish  
No 31, 31 Jul 88 pp 4-5

[Article by Henryk Jablonowski]

[Text] Reports on Poland's attempts to obtain credit have been appearing for several years. These reports reflect a hope, rarely expressed outright, that when we obtain credit, the situation will immediately improve and we will then begin to come out of the crisis. There will be money, there will be goods, and it will be possible to invest. Unquestionably, credit is necessary, but is not the hope that it will solve the majority of our economic problems too great?

Poland has been a member of the International Financial Corporation (IFC) since December of last year, and it is already possible to obtain small amounts of credit in hard currency for the private and cooperative sectors. A closer look at the demand for these credits and how they are used may give an answer to the question asked earlier—how badly do we need the credits, are they the main obstacle to development, and to what degree can they help?

Because the activities of the IFC and the potential benefits membership in that organization bestows are almost completely unknown to the managers of Polish firms, before I attempt to answer the basic question, let me present some preliminary information.

The International Financial Corporation is the world's largest multinational financial corporation, with a capital totaling 1.3 billion American dollars. It grants credits without government guarantees or enters, as a shareholder, into only private and cooperative enterprises in developing countries. In the case of companies or joint ventures, the state capital cannot exceed 50 percent. IFC says it is an independent organization which only cooperates with the World Bank (the Regeneration and Development Bank), nevertheless the president of the World Bank is also the president of IFC. The dependence, therefore, is considerable. IFC's headquarters are in Washington, of course.

IFC was established in 1956. Its membership numbers 133 countries, of which the ones closest to us are only Hungary and Yugoslavia. In 1987, IFC decided to participate financially in 92 ventures in 41 countries. In the



case of Hungary, last year IFC invested \$4.83 million in construction materials (Hungarian Glass Works), where the total cost of the venture was \$20.4 million; and \$11.25 million in the production of animal feed (a joint venture company), where the total cost was \$45 million. IFC committed the largest amounts of capital last year in Brazil—\$120 million; in India, \$100 million; and approximately \$75 million each in Argentina and Thailand. In Europe, aside from Yugoslavia and Turkey, it operates only in Turkey and Portugal. Since the beginning of its existence, IFC granted the largest credits in Europe to Yugoslavia—totaling \$634 million, and Turkey, \$497 million.

As a rule, the corporation grants credits amounting to one-fourth of the costs of investment. On the list of investments in which IFC participated last year, there are only a few exceptions—e.g., a medical center in Yugoslavia and paper factories in Pakistan—where the share of the corporation's capital was 50 percent. IFC grants credits at a minimum of more or less \$1 million to a maximum of approximately \$70 million for one investment project. The cooperative and private sectors in Poland will probably be interested only in the bottom limit. Let us say, therefore, that the costs of the smallest investment in which IFC may be interested, must be at least \$4 million.

As seen from these figures, neither the cooperative sector, and even more so, the private sector, belongs to the world average, and the matter of the credit minimum in Poland was solved somewhat differently. IFC can also finance smaller projects, but the credits must reach the investors through domestic financial intermediaries. Despite the fact that it operates throughout the world, IFC employs only about 500 people and they are not able to concern themselves with all of the smaller investments. Therefore, in Poland, applications for smaller amounts of credits, along with the investment proposals, are collected by the "Peasant Self-Help" Central Union of Agricultural Cooperative, the Central Union of Crafts, the Central Union of Horticultural Cooperatives, the Central Union of Labor Cooperatives, and the Central Union of Disabled Persons Cooperatives. The proposals are to be listed in sets, or packets, each of which will constitute a separate investment for IFC. In this case, where intermediaries are employed, the smallest credit for which application can be made will be approximately \$100,000.

It is also possible to compete for credits and cooperation from IFC in a situation where the investor has a good idea, but does not have the full amount to cover the remaining three-fourths of investment costs. In this case, IFC, in addition to its own credit, looks throughout the world for other investors. This is how in Hungary, for example, the first three ventures, after this country joined IFC, came about.

Credits may be granted in four currencies: American dollars, West German marks, yens, and pounds sterling. The interest rate depends on the commercial interest

rate. For credits drawn in the first 6 months of this year, it would be as follows: approximately 10 percent for credits in dollars, and 8.5 percent for credits in marks. Repayment usually begins 3 years after the loan is granted and depending on the investment, may be spread over a period of 7 to 12 years. In the case of an investment where production capacity is not reached until after a long period, e.g., orchards, the period of grace before the first payment may be longer.

One more detail is important in these conditions. These are not cash loans. The loans granted may be used as an enterprise's permanent or turnover capital and expended only for the purchase of materials, equipment, or technology in IFC member-countries or in Switzerland. This condition, of course, does not reduce the procurement market, because the world's leaders belong to IFC, such countries, for example, as the United States, West Germany, Great Britain, France and Japan.

Credit may also be granted only after a detailed investment and enterprise-development plan is submitted and its practicality is verified on-site by an IFC mission. All of the technical and economic assumptions of the investment plan are verified. IFC also exercises detailed supervision over the entire investment process, demands quarterly reports on the progress of the work, information on the factors which may effect the final result of the investment, and in addition, annual financial statements which must be prepared by independent expert accountants. If desired by the investing side, an IFC representative may sit on the board of the enterprise. These are not easy conditions, but since Poland, over the last 10 years, has not known, by itself, how to use credits sensibly, this time it has to consent to supervision. At least that guarantees that the money will be invested properly. There has been no case, during the entire history of IFC, that an investment for which the corporation granted credit, has shown a deficit. The great caution, therefore, is justified.

Before granting credit, the corporation requires detailed information on the investment. It covers: production technology, cost estimates, legal status and history of the firm, costs and sources of raw materials and supplies, an assessment of the sales market and potential competitors, and export capabilities. IFC writes in its informational material on its activities that it has no standard questionnaire for those applying for credit. But in the case of Poland, such a questionnaire is required. It is very detailed. A few dozen questions, covering 10 typewritten pages, must be answered. Because we are unable to reprint this questionnaire here in its entirety, we are referring interested parties to the Office for Cooperation with the World Bank, which is in the Polish National Bank in Warsaw on Swietokrzyska St.

But to give an idea of how detailed and concrete this information must be, let us cite just a few questions. For example, IFC wants to know the age of the firm, how far it is from the main town, and the state of employment

broken down by qualifications into technical employees, administrative employees and management personnel. It also requires a profit-and-loss statement covering the last 3 years and a detailed description of current production, including size of production in tons, size of export divided into areas, a list of countries to which goods are exported, the name of the central office which intermediates in export, and finally the production-capacity utilization rate by percentage and the amount of tax relief. If the investment is in the food industry, there are questions also as to the source of the anticipated raw materials, with a percentage description of the proportion of deliveries from private farms, State Farms, production cooperatives, other subsectors of the food industry, and import. There is even a requirement that the radius of raw-materials deliveries, in kilometers, be given. As can be seen, the information required for a preliminary analysis is very detailed. It concerns practically all of the subjects connected with the firm and the proposed investment, and probably many potential investors will fall away at the very start because of their inability to answer all of these questions. But those are IFC's rigorous requirements. The corporation participates only in investments which are sure and involve no great risk or degree of uncertainty.

Poland has been a member of IFC since the beginning of the year. PAP reported this a few months ago, saying that there is a possibility of obtaining credits. The central unions listed above received detailed materials from the Office of Cooperation With the World Bank with a request that a search be made for projects and investment prospects. A few months have elapsed, therefore we can attempt to make our first analyses and draw some conclusions.

During this period the Office of Cooperation With the World Bank received several proposals worthy of interest. For example, there were cooperatives which expressed a desire to invest in the production of high-vacuum technology equipment, in rubber products, toys, and clothing. One limited-liability company expressed a desire to build a 200-bed private hospital in Lodz, another one wants to invest in milk production. Private craftsmen submitted an offer to invest in the production of heating-installation boilers and injection molds. At the moment, only one of these proposals, submitted by a large and well-known cooperative, is being examined in detail and there is a possibility that a credit amounting to about \$20 million will be granted. We cannot give the name of the firm because the IFC representative asked us not to reveal it until the matter is finalized.

The organization which represents the largest number of potential debtors is the Central Union of Labor Cooperatives. Over 2,000 cooperatives belong to it, of which more than 500 are already exporting. By the middle of the year, not very many offers had come in from all of these firms. Only one case is settled and 15 others are being investigated, including some from the following

subsectors: leather, electrical engineering (a thermometer factory in Lodz), fish processing ("Certa" cooperative in Szczecin and "Belona" in Dziwnow). This is not very many proposals—scarcely one settled out of 500 exporting cooperatives. The employees of the Labor Cooperatives Union who are involved in matters of cooperation with IFC, feel the same way. Why?

There are several reasons for exercising great caution in the use of credits. First, past Polish experience with credits from the second payments area [capitalist countries], a psychological fear of pitfalls which will be hard to overcome by other than the already successful examples of cooperation. Second, unfavorable financial terms, very high bottom credit limit, which most cooperatives are not able to reach, and very low (25 percent) IFC share in investment costs. There is also a fear of the quarterly reports and the very stringent control over the use of credits. The interest rate did not arouse any great objections. And third—and these fears were expressed not only by the cooperatives, but by all of those interested, from both sectors—the unstable economic situation, the pressure being applied to the private sector, and the lack of confidence in the permanence of the changes now being made.

We have already talked about the possibilities of removing the first obstacle. The second group of obstacles can be eliminated through organizational solutions. The domestic dispensers of credit would have to consider the possibility of packaging smaller sums. The third group of obstacles appears to be the most difficult to remove. We have written many times over the last few years on such matters as taxes, how the treasury offices function, the methods and consequences of control, the officials who put out absurd directives which stifle initiative, and it is difficult to discuss all of these matters in detail again. It appears that if these obstacles are to be removed, a change in the state's philosophy is indispensable.

Greater awareness on the part of the people who guide and control the economy cannot be treated as a sin, as a transgression against the present morality. Because it is difficult to expect that people, private businessmen, for whom, in the last analysis, these credits are intended, will borrow hundreds of thousands of dollars, organize production on a similar scale, bear the risks and the responsibility connected with this, and still remain close to the bottom of the list in the social hierarchy. We are not simply referring here to the standard of living that these people enjoy, but the general attitude towards these people and how they are treated in the offices with which they must deal on a daily basis. As long as they remain second-class citizens in the minds of the public, the development of this sector to a level which would put it among the world's minimum, is impossible.

And here is where one more question comes up. Is the lack of credit the most important element standing in the way of an economic leap for Poland? Unquestionably, in many cases credit is necessary, but the key to the essence

of the matter does not lie in credit. The examples cited above confirm this. They show that the interest in credit is less than would have been expected. If it were possible to remove the last group of obstacles—for short, let us call it a lack of confidence—would credit from IFC be needed? Let us compare amounts. We are speaking about credits on the order of a few dozen million dollars. Is it possible that there is no such amount of money in Poland? The foreign currency reserves in the hands of the people, according to modest estimates, are approximately \$3 billion. Would it not be simpler to put this money into circulation and use it in the private sector? Without paying interest, and without outside control. But for this to happen, the confidence of government officials in the citizen who wants to get rich, is essential.

9295

### **Recent Efforts, Need To Demonopolize Industries Outlined**

26000512 Warsaw PRZEGLAD TYGODNIOWY  
in Polish No 29, 17 Jul 88 p 5

[Article by Halina Zielinska: "A Bomb or a Petard?"]

[Text] Who at least once in his life has not felt harassed by the omnipotent manufacturer of vacuum cleaners? Who has not been affected by the dictatorship of the bathtub manufacturer? Who is unfamiliar with the feeling of helplessness in our monopolized world?

The basis for combating monopolistic practices has been created by a legal act of 28 January 1987. An antimonopolistic police force has been formed at the Ministry of Finance that is not limited to tracking down violators about whom information regarding their practices has been turned in or to reviewing and settling issues that come in from all over "the country."

A much more important undertaking—so as not to say, the most important—was photographing the state of monopoly of Polish industry. "No one before us has attempted to do this," states Ryszard Jacyno, assistant director of the Ministry of Finance Department for Counteracting the Monopolization of the National Economy.

This photograph on which 921 firms are to be found constitutes an attack base for "antimonopolists." They will make use of it in conducting comparisons and in analyzing trends.

This "900-group" is made up of firms that have at least a 30 percent share in the production of a given assortment or line on a national scale.

It is of no surprise to anyone that the most monopolized branches include the mining, power, and machine-building industries. Here are a few examples: the entire production of coal briquettes is in the hands of the

Brown Coal Mine in Konin; "Patnow-Adamow-Konin" and "Belchatow" supply 99.9 percent of the electric energy derived from brown coal.

The production of tinplate has been divided up between the "Florian" Steelworks and the "Lenin" Steelworks. Three-fourths of corrosion resistant steel is being produced by the "Baildon" Steelworks and nearly all (99.9 percent of Polish silver by the "Trzebinia" Steelworks.

We also have monopolists in the fullest sense of the word—the kind who have absolute exclusivity and undivided control over the "product line."

The food concentrate industry is in the hands of the Industrial-Food Equipment Factory in Plaszow which is the only manufacturer of technological machinery and equipment. Only Oswiecim manufactures tram rolling stock. Entertainment exists owing to the Theatrical Enterprise which produces installations for these types of facilities and epoxy resins exist owing to "Organica-Sarzyna."

The world is simple, clear and orderly: if it's a watch, then it's from "Unitra-Warel"; if it's rock salt, it's from Klodawa; whereas a horse-drawn plow would be from "Dunajec-Elektromet" (sic!). Those wishing to buy construction tractors and loading machines must go with a request to the "Stalowa Wola" Steelworks. Pilgrimages have to be made to "Bumar Koszalin" to obtain concrete mixers and cranes, and to the Polish Optical Plants for microscopes.

Manufacturers of plant and edible fats, silk and thread, newsprint and band iron products, wood, tar board and hollow brick, sanitary fixtures, radiators and enameled pots, mixed fertilizers and motor fuel—are all monopolized.

The "921 list" and the latest GUS data on the production of goods and services have been helpful to "antimonopolists" from the Ministry of Finance in preparing a list of enterprises that can and should be divided.

"The basic criterion which we used in putting together our list," states its co-author, Marek Parkot, senior specialist in the Department for Counteracting Monopolization, "was the multiplant form of organization. Essentially, these are industrial groups whose division will create the basis for the existence of new firms. It is possible that in certain cases the entire enterprise should be divided up whereas in others, only certain of its plants separated."

Contrary to many preliminary measures preceding administrative decisions, this analysis is just and reliable. Technological, territorial, considerations and the economic efficiency of plants and of the enterprises to which they belong were taken into account. Their viability—the capacity to introduce innovations and for further development—was tested. The strength of the ties



that link them to the closer and the more distant economic surroundings was checked. The suggestions of the Treasury Chambers, to whom the "921 list" was sent, were utilized.

It was ultimately decided that 87 enterprises would end up on the cutting table. (For technical reasons, 67 firms were included on the list in the provincial structure and 20 in the arrangement according to branches).

Thus, some of these enterprises according to a territorial arrangement:

- in the capital voivodship, "Polmos" (19 plants, 8,567 employees) qualified for being divided up;
- the Automobile Factory [FSO] in Warsaw (18 plants, 23,671 employees); the "Megat" Association of Machine and Power Industry Equipment Manufacturers (22 plants, 41,876 employees);
- the "Ursus" Tractor Industry Association (13 plants, 26,812 employees);
- the VIS Tool Industry Industrial Group (19 plants, 10,266 employees);
- the "Unitra-Polkolor" TV Picture Tube Plants (4 plants, 7,554 employees);
- the Scientific-Production Center for Semiconductors (5 plants, 8,684 employees);
- the Confectionery Industry Plants (2 plants, 2,980 employees);
- the "Bumar-Warzynski" Excavating Machinery and Applied Hydraulics Plants (9 plants, 3,751 employees);
- the "Warszawa" Central Imported Wine Cellars (7 plants, 1,103 employees);
- the "Syrena" Warsaw Leather Industry Plants (7 plants, 2,487 employees);
- the "Polsrebro" Industrial Group of Precious Metal Products and Silver Plate (8 plants, 2,964 employees);
- the "Unitra-Unitech" Technical-Production Enterprise (9 plants, 3,831 employees);
- the "Odra" Clothing Industry Plants (3 plants, 3,322 employees);
- the ZREMB Passenger Crane Industrial Group (11 plants, 2,015 employees);
- the "Chelmek" Southern Plants of the Leather Industry (7 plants, 7,522 employees);
- the "Romet" Bicycle Plants in Bydgoszcz (6 plants, 7,178 employees) should be divided up;
- the Gdansk Wood Industry Enterprise in Gdansk (18 plants and 1,743 employees);
- the "Huta Katowice" Metallurgical Industrial Group in Katowice (7 plants, 30,509 employees);
- the "Katowice" Polmag Mining Mechanization Mining Company (23 plants and 24,282 employees);
- the "Polgaz" Association of Technical Gas Plants (13 plants, 3,116 employees);
- the "Gacki" Gypsum-Chalk Industrial Group (4 plants, 2,047 employees);
- in Krakow voivodship: the Lenin Steelworks Metallurgical Industrial Group (2 plants, 33,113 employed);
- "Opakomet" Sheet Metal Packaging Enterprise (10 plants and 3,500 employees);
- "Kambud" Building Stone Industrial Group (13 plants, 3,702 employed);
- "Madro" Road Machinery Construction and Repair Plant (5 plants, 982 employees);
- in Krosno voivodship: the "Polmo-Autosan" Bus Factory of Sanok (2 plants, 6,196 employees);
- in Legnica voivodship: the "Lubin" Copper-Mining and Metallurgical Industrial Group (21 plants, 44,364 employees);
- in Lublin voivodship: the M. Buczek Leather Industry Plants of Lublin (2 plants, 1,759 employees);
- Lodz voivodship: the "Skogar" Leather Industry Plants of Lodz (4 plants, 4,354 plants);
- the "Teofilow" Textile-Clothing Manufacturing Plants (2 plants, 2,524 employees);
- Olsztyn voivodship: "Izolacja" Building Insulation Materials Enterprise (3 plants, 524 employees);
- Opole voivodship: the "Otmec" Silesian Leather Industry Plants (7 plants, 7,819 employees);
- Pila voivodship: the Pila Wood Industry Enterprise (12 plants, 1,186 employees);
- Poznan voivodship: the Automation Systems Establishment (5 plants, 1,836 employees);
- Radom voivodship: "Techmatrans" Design Planning Enterprise (5 plants, 1,917 employees);



- Rzeszow voivodship: "Respan" Leather Industry Plants (2 plants, 2,900 employees);
- Skierniewice voivodship: "Zatra" Radio Transformer Plants (2 plants, 2,794 employees);
- Slupsk voivodship: "Alka" Northern Leather Industry Plants (5 plants, 6,856 employees);
- Tarnobrzeg voivodship: Stalowa Wola Steelworks (10 plants, 24,663 employees);
- Torun voivodship: "Agromet-Unia" Agricultural Machinery Factory (3 plants, 2,197 employees);
- Wroclaw voivodship: the Lower Silesia Wood Industry Enterprise (32 plants, 4,050 employees);
- the "Kopalnie Skalnych Surowcow Drogowych" State Enterprise (19 plants, 6,478 employees);
- Zielona Gora voivodship: the Wood Industry Enterprise of Zielona Gora (15 plants, 1,069 employees).

And a few more examples from the "branch" list. The splitting up, among other things, of the following enterprises was proposed:

- the Krakow Fixtures Plants (2,512 employees);
- the "Bumar-Hydroma" Construction Machinery Factory in Szczecin (1,278 employees);
- the "Emag" Mining Automation Mining Company (7,860 employees);
- the Polish Optical Plants (3,356 employees);
- the "H. Cegielski" Metal Industry Plants (3,356 employees);
- "POLMO" Small Automobile Factories (27,397 employees);
- "Pollena" Consumer Chemical Industry Plants of the Capital City of Warsaw (1,350 employees);
- the "Polcement" Production-Trade Industrial Group in Sosnowiec (1,697 employees);
- the Wielkopolskie Wood Industry Enterprise in Poznan (2,325 employees);
- the "Vistula" Clothing Industry Plants in Krakow (4,120 employees).

The "List of 87" is a freshly baked roll of the antimonopoly department. For the time being, it has only made its way to the office of Deputy Minister Sadowski. Thus, officially, no one has as yet had the opportunity to become familiar with it. However, according to director

Jacyno, gossip (or perhaps intuition?) has already elicited the first reactions: "Deputy Minister Sadowski has the list? We'll place a call to his office, right away."

This list has no binding power; it only constitutes a proposal or invitation to take part in a further analysis—a more thorough analysis. Who will make use of it?

During the last days of April, the Department for Counteracting Monopolization of the National Economy sent the "921 list" to the minister with a request for cooperation and assistance. To this day industry has not reacted.

The complete disregard for the "list of 87" as well by decision makers constitutes a pessimistic variant. However, life in a classified drawer among other valuable ideas is not the only threat hanging over this list. The possibility of having the show-trial method used against it is equally threatening. First, under the influence of pressure, the result of arrangements, "important arguments" and "objective factors," the "list of 87" will be reduced to a "list of 7." Next, those that are the weakest and with the least amount of assumed attitude toward this matter, will be divided up to the loud accompaniment of winded declarations that, thus, we are finally doing something about monopolies.

These are not groundless concerns. Let us recall, if only, what happened to the list of capital investments which in the beginning of the 1980's should have been unconditionally and immediately stopped.

The publication ZARZADZANIE has published the subsequent, already fifth edition of the "500 list" where the first 10 potentates are also on the "list of 87." From the statistics of the "Five Hundred," write *Magazyn* *W ZYCIE GOSPODARCZE* (No 25), "it follows that there is a dominant trend toward organizational concentration on demonopolization policy. (...) When will the effects of the breaking up of the giants be noticeable—something about which the assumptions of the second stage of the economic reform are so vocal?"

It ought to be expected that a large squad of sappers will take part in dismantling the antimonopoly bomb. Let us hope that they will lose their hands already in the first attack.

9853/12223

#### Transfers to State Land Fund Up; Weak Rural Infrastructure Blamed

26000547a Warsaw *RZECZPOSPOLITA* in Polish  
20 Jun 88 p 4

[Article by Jozef Kowalczyk]

[Text] Despite the fact that current agricultural policy is bringing about indisputable results, there is still reason for anxiety. We see this, for example, in relation to land

transfers. And yet it is precisely the demand for land and land prices which best reflects the situation in agriculture, both throughout the country as well as in its individual regions.

The size of the State Land Fund (SLF) holdings last year grew from 765,000 to 785,000 hectares. The demand for land has clearly dropped. Transfers to the SLF totaled 122,000 hectares, and only 102,000 hectares were distributed, while in 1986 the comparable figures were 107,000 and 113,000 hectares. Preliminary investigation shows that these unfavorable tendencies were not halted in the first half of this year.

The amount of land transferred to SLF would probably be even greater if this process were not slowed down by the relatively low retirement benefits. Last year, the average farm pension and annuity amounted to 11,600 zlotys. There is more and more talk in the countryside about the risk of transferring a farm and the financial insecurity which results from doing so.

The disturbing aspects of land turnovers which are evident on the national scale, become even more evident on the regional scale. These processes are seen most clearly on the so-called eastern wall. A few years ago we attempted to conduct a resettlement campaign here, but unfortunately it was not successful. It is not enough today to give a young person land, credit, and facilitate the purchase of machines and means of production. The conditions under which he must live are also important. And it is these which shape not only the farm and the income received from it, but also the state of the services and in general, the state of the infrastructure in the countryside. And the infrastructure in the areas where the land is not used for production is very poor.

Council of Ministers Resolution No 129, dated 24 August 1987, will deal with the matters connected with the management of land in the eastern and northeastern regions. Its provisions cover 9 gminas in Biala Podlaska Province, 24 in Bialystok, 14 in Chelm, 15 in Zamosc, and the entire Suwalki Province. This resolution requires all of the governors to work more intensively to expand the infrastructures in the above-mentioned provinces: transportation lines, power lines, telecommunication lines, health services, cultural centers, etc. It also instructs the president of the Polish National Bank to enable, in coordination with the president of the Food Industry Bank and the Minister of Finance, existing and newly-created farms of all sectors, to obtain long-term credits which carry the maximum grace period. In addition, it requires the Minister of Domestic Trade and Services (now the Ministry of Domestic Trade) to take the greater needs of these provinces into account in the division of the means of agricultural production covered by central distribution.

All of these provisions are good, but the economic realities indicate that there are serious difficulties in carrying them out. The queues for scarce means of

production, e.g., machines (grain combines, potato harvesters, spraying machines, rotary mowers), as I learned in Biala Podlaska Province, have not become any shorter. Nor do local budgets permit the expansion of technical and social infrastructures. Yet the needs are enormous. In the already-mentioned Biala Podlaska Province, of the 660 villages 120 have lesser or greater problems with water, and the state of the electrical network in the entire Bug River belt is such that in many villages only a light-bulb can be used. How, under these circumstances, can there be talk about a mechanized farm? In Biala Podlaska Province, 500 farmers are waiting to buy a grain combine, and 750 are on the list for a potato harvester. Anyway, it is not just combines, rotary mowers or sprayers that are lacking. Recently there are problems even in the purchase of steamers—on some farms there is nothing in which to cook potatoes for hogs.

The effects of the implementation of Resolution No 129 are seen most visibly in those points which pertain to the formation of state farms on the "eastern wall," e.g., in the Podedworze region (Biala Podlaska Province), Mielnik and Grodek (Bialystok Province), and a few other places. In all, during 1987-1990, 11 new state farms are to be established, which will take over 12,000 hectares of land. As a result, outlays for production investments, housing, roads, and land reclamation (figuring in 1986 prices) will total 10.7 million zlotys. This money will be allocated from the central budget, and more specifically from the central financial reserves for land reclamation and the Central Land Protection Fund.

The idea of creating state farms on the "eastern wall" has its advocates. After the state farms are established, they argue, an expansion of technical and social infrastructure in these areas will take place. And the costs? Yes, they are large. But after all, if not for the grain which these state farms produce, it would have to be purchased abroad and the costs would be even greater. Meanwhile, the opponents say that the land on which we are now attempting to create state farms has, in large part, belonged to the public sector, and then was returned to SLF during 1980-1985. Already, a lot of money, machines, etc., was taken for its development.

Time will tell who is right. The problem of developing the "eastern wall" appears to be open. In five provinces (from Zamosc to Suwalki) the SLF covers a total of 120,000 hectares, and this area is growing.

We ask ourselves what is lacking on the "eastern wall" as well as in other regions where the population is dropping. Certainly not people. Per every square kilometer of farmland, there are still often two to three times more people than in countries with highly productive agriculture. So there is no shortage of people. There is a shortage of machines, equipment, and above all, the infrastructure which would bring the residents of this land closer to the "world," and make their work and life easier.

A farmer who now farms five or six hectares on these lands could successfully farm 10 or 20 hectares. The only problem is that he does not want these additional hectares under the conditions which now prevail there. Therefore, we must create the conditions which would cause him to become interested. No one will be able to farm this land more cheaply than he will. This truth is worth repeating, especially now, at the second stage of economic reform, which stakes its success on efficiency.

The opportunities for these areas must be sought in the regionalization of farm policy, or speaking more broadly, in the regionalization of policy towards the countryside. Without greater financial and material assistance for these lands, without expansion of social facilities, without increased economic activity through the development of services and small farm-food processing plants—not much can be done there. Of course, all of this costs money. But since we need the bread that can be produced on that land, there is no other reasonable solution.

In conclusion, one comment. The fixed assets that are deteriorating on these deserted farms are substantial. It would be worthwhile to get an estimate of the losses being suffered. After all, they have to be counted in billions. This figure, having in mind the costs of regionalizing farm policy, should also be taken into account.

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**Printing of Statistical Handbook Scored**  
26000498b Warsaw PRZEGLAD TYGODNIOWY  
in Polish No 29, 17 Jul 88 p 4

[Article by Piotr Aleksandrowicz: "Balance Sheet: Statisticians Did Not Cause the Crisis"]

[Text] It could be a bestseller. I had the opportunity to review a proof copy of newest publication of the Central Office of Statistics. The printing of "Mowia liczby" ["Numbers Speak"] was prepared conceptually by using good foreign standards and presents the changes that have occurred in Poland since 1960. Comparisons with nine carefully chosen European countries—five socialist and four capitalist—seem particularly valuable.

The years 1960 to 1985-86 were not, I think, chosen by chance by the authors, headed by Prof Leszek Zienkowski. The first of these dates was a year when it was already difficult to vindicate ourselves with the Stalinist legacy. The latter are the third and fourth years from the bottom of the crisis, a period that in the modern world is generally enough to flow out on the surface of various kinds of shocks—oil, natural resources, dramatic shifts in the exchange rates of currencies and vital structural changes. In a word, Poland's cultural achievements and setbacks were liberated from temporary distortions.

Even a cursory reading permits several reflections. Here and there one can still encounter attempts at a positive appraisal, whether of the 1960s or the first half of the 1970s. Yet it is worth looking from a more distant viewpoint. Then one can see clearly that over the entire 25 years, our development has proceeded more slowly than in other countries, including Western ones. Because the starting point was low, even similar rates of growth mean an obvious increase in the gap compared to capitalist countries. In the socialist bloc, we have not caught up to the best and the weaker ones are passing us. It is frightening to think how tables including Japan, Taiwan or South Korea would look.

This general impression of lagging behind has numerous examples and explanations in the publication. The myth about Polish society's high level of education topples—every other worker in Poland has barely an elementary education, while one third had to content themselves with a basic vocational education. In nonworker positions, only every fourth employee has a higher education.

Or another table, tying foreign trade to economic growth. For every percentage point of increase in national income, export increased by 1.4 points in Poland. In others, it is 2.3 or even 4.5 points.

Still another measure of cultural retardation—the number of those employed in the so-called primary sector (agriculture, forestry, the mining industry). In Poland, it is just one third of employees. In the Eastern and Western world from 25 to barely 7 percent. It is no surprise then that only every seventh Pole works in services—transportation, trade and communication—and that we are in last place among the countries selected for comparison.

There are data in this instructive booklet that arouse dread. Again, as an example, the productivity of durable equipment in construction and the coal industry decreased fivefold since 1960, twofold in agriculture, and in all of industry it amounts to barely 70 percent of the productivity of what would seem to be the uncivilized 1960s. This means that for the entire period we invested more and more in order to have less and less from it. In agriculture we almost reached Western European levels of fertilizer use or the number of tractors, but the results are moderate. It is enough to look at our odd agrarian structure, in comparison to the East and West, to see why this the case.

These are not arbitrary examples, but rather a search for qualitative parameters that define the level of development objectively. The authors are not looking for tons, kilometers or units. They present economic parameters, tables and growth graphs progress much more often than is usual in statistical publications, and they choose symbols of cultural progress and, unfortunately much more often, regression in relation to those around us.



We have the lowest share of machines and equipment in investment expenditures, the worst telephone network and exceptionally meager paper consumption, yet telephones and printing are basic means for the flow of information. We have a dramatically high concentration of industry in the form of large plants, a disgraceful level of compensation in education, which has fallen continually for 25 years in comparison to other branches of the national economy, a scandalously low number of students, an amazing structure for industry and investment from which it is apparent that to this day we delight in investing in those industries that devour the most energy and fuel, etc., etc.

Some of this data can be found in year books. But even a fan of statistical publications will encounter some for the first time. All told, with the book's rather small capacity and additional exposition in the graphs, they comprise a new quality. These numbers no longer just speak, they shout.

At the beginning of the 1980s, an attempt was made to lay the blame for the economic crisis on statistics. It soon turned out that the statistics were good, while the manipulators turned up elsewhere and much higher. Today the Central Office of Statistics has won the public trust to a great extent. We are currently marking 70 years since the emergence of this worthy institution, one of few that has maintained continuity of work through the entire period of its existence.

Its significance as one of the most important producers of information should continue to increase. We live in times where information has become a costly item because it is in demand. Anyone who does not buy it loses in politics and economics. The paradox is all the greater because the last prewar edition of the statistical yearbook had a printing of 100,000 copies. Currently, the large and small yearbooks together cannot even reach that number.

Since I began with the statement that this booklet, "Mowia liczby," could be a bestseller, it is worth explaining in conclusion which it only "could be." Today, as the size of the printing is being determined, orders placed by bookstores amount to an even 1,500 copies. We have become a phenomenon in Europe in many fields. Including our dislike for information.

12776

## YUGOSLAVIA

### Sefer Discusses Causes of Declining Standard of Living

28000125 Zagreb DANAS in Serbo-Croatian  
3 May 88 pp 10-12

[Interview with Dr Berislav Sefer, retired professor of the Political Science Faculty in Belgrade and former vice president of the Yugoslav Federal Executive Council, by Milan Jajcinovic; date and place of interview not specified]

[Text] We are an increasingly impoverished society. Millions of people eat meat only on holidays. There are growing numbers of unemployed, and workers at the

poverty level are multiplying. Social differences are deepening. Inflation, a decline in the standard of living and impoverishment are ever more evident. We talked about the way people actually live, why things are the way they are here and where it is all leading, with Comrade Berislav Sefer, retired Professor of the Political Science Faculty at the University in Belgrade, formerly vice president of the Federal Executive Council (during the term of Dzemal Bijedic as president), and one of the foremost experts on problems of social policy here.

[Answer] We have widespread impoverishment. It includes the populace, the state, the economy, social functions. For the populace, it is obvious that no one can live decently on their regular income. It is evident that the economy cannot provide decent personal incomes or capital accumulation. The state no longer has an excess of budgetary funds as it once did. There are similar situations in the self-management interest communities [SIZ].

[Question] Thus increasing poverty is a general trend in the present period.

[Answer] We should not be deceived into thinking that the temporary "increase" in production means anything. It does not mean anything. These are simply statistical games, which in the country are reflected through prices, personal income and the real purchasing power of the population. We have to come to terms, and we are coming to terms, with the truth of how we are going to live with the "cake" we are now making. During the past 6 years, which we have recognized as being a time of crisis, only in 1986 did we see a slight improvement, which economically was completely unjustified and which any reasonable person knew would only be temporary. That was the time of the congress, a certain mood and optimism was created, but none of that could last very long because nothing actually changed in an economic sense.

[Question] And can it?

[Answer] Our idle capital is enormous. But I have not seen anyone seriously sit down and calculate how much of that idle capital there is, for example, in unused commercial facilities (in the social sector of the economy) and in unused equipment. If we accept the hypothesis that the value of such capital is at least in proportion to unused capacities, then the value of unused equipment and commercial facilities amounts to more than the annual social product (GNP) of Yugoslavia. I don't want to say how many billions of dollars that is, so as not to frighten us. Just the value of unused equipment alone is equal to at least 4 years of heavy investment in equipment in the social sector. And we state this and write it off—something was "off target," something was "structurally unbalanced," amen. No country, no economy can sustain that.



[Question] That probably isn't all?

[Answer] Naturally. What is happening to the unused knowledge, in which we have invested enormous sums, while it lies unutilized and unmotivated? Is there any justification for our land being unused, the land which is a sort of Egypt. Can anyone today justify that "there is meat, there isn't any meat," "there is milk, there isn't any milk?" Based on what economic arguments? We are a maritime country—are we developing in a continental manner? We don't even take the sea into consideration as a fantastic source of wealth, for don't we think after all that the construction of a maritime fleet (at someone else's expense using foreign credits) is a maritime policy? Or that this kind of tourism is a maritime orientation? We have enormous natural, economic and human resources that are unutilized. How can we help but become impoverished?

[Question] And so?

[Answer] I don't know. If you had asked me that 8 years ago, I would not have believed that all that could last 8 years. Now I can only say that society is living in a risky manner, that we are at the limits of social tolerance. However, people make do. Today the most important thing isn't to work, it is to cope. That which should be most important (work), becomes secondary, while that which ought to be completely secondary (coping) becomes the main thing.

We have a "gray economy" which I do not oppose, particularly since people need those services, especially if they are not officially organized.

But now there is a strong yoking of the "gray" and the social sector, so that during work hours you cannot get your car or your television repaired... That is saying nothing about the amount of material leaving the social sector, about nonpayment of taxes, about working energy and ability being saved for work in the gray economy. I don't even know if anyone in the country knows what the black market means, for example, how many people live by black market foreign exchange deals, or by black marketing goods. I don't know how many people are involved, but I know that people live off it, because if they didn't make a living doing it people would not do it. In addition to this, we have bribes, corruption, privileges, "bracelets" and "pedestals" (that which is "handed over" and that which is passed under the table). Some live well, but not by working.

[Question] Certainly that is one of the "shock absorbers" of potential social conflicts?

[Answer] Yes, that is where we should seek reasons as to why this situation lasted as long as it has. And here surveys of the population show that it is afraid of changes, among other things for the reason that up until now no one has come out before the people and said: if you do such and such, the result will be such and such. In other words, many times someone has come out with a certain statement and then entirely the opposite has

occurred. Today people have little trust of officialdom. At the same time, a destructive mentality is created which says let the society be impoverished, but be sure that it is the same for all of us.

We are now living in a situation where more or less everyone looks into the other man's pot. But here we should not fault the people because officials for an entire age, and more, have been hammering away about the theory of just distribution. But not of just labor. We are occupied with distribution under the seal of righteousness, but we have reached a situation wherein that is no less a just distribution system than the one we have. I must also say that it seems to me that we are experiencing the process of impoverishment as an unavoidable fate with which we have begun to be reconciled. Not only has policy begun to be reconciled with it (and this is obvious), but the citizenry as well has begun to accept it. Even when we emerge from the crisis, that attitude will have its own very serious consequences.

[Question] How many people today are on the threshold, or below the threshold, of poverty?

[Answer] Below the threshold or on the threshold of poverty would include those whose personal incomes are below the average, which would be somewhere between 30 percent and 40 percent of those who are employed, at least half of those on pensions, the elderly households in the countryside, the socially threatened and the unemployed. When all of these are added up, we come very close to 60 percent of the people not having enough for a normal life.

[Question] If we talk about poverty, then it is logical to also ask about wealth.

[Answer] It is apparent at every step and hits us between the eyes. Where does it come from? I am afraid we can guess. It is obviously not from work, for we know what personal incomes are! But times of crisis and inflation are precisely favorable for affluent living without work. Black marketing in foreign currencies and goods, speculation with apartments and housing rights, land... All of these are sources of income. Besides that, we export cheaply and import expensively, so that doubtless someone earns enough on that! Theft in the social sector and the disintegration of social property ranges from small to large and enormous dimensions. Failure to pay taxes and concealing profits are also widespread. Privileges and the gray economy should also be included here. No one is keeping track of that systematically, but if they were, they would certainly have no problem showing that the 8 percent who report that they have enough of everything fall into these categories. I would say, then, that some 10 percent of Yugoslavs live affluently, while the level of poverty of all others is so great that the differences are incredible. And they cannot be explained by work. In the last analysis, we all work, but we are not rich. Thus the process of differentiation is especially pronounced. And this sort of social state is exceptionally unstable, and

what is the worst, I think that in addition it supports a constant attack on labor. Here in Yugoslavia it is very popular to have progressive taxes on trade and on personal income, which is paid only by those who work and have reported income. The threshold of that income—to speak in dollars, for what the dinar is today and what it will be tomorrow, I have no idea—was \$4,500, or \$394 monthly. (Is that a rich man?) If someone earns annually \$2000 above that threshold of “wealth,” then the tax is 80 percent. How many people who work can earn another 200 million old dinars (if we take that to be \$2,000) and then have only \$600 to show for it? Can someone get rich on \$600? Therefore that tax, which sounds so wonderful, is nothing other than an attack on work. It has no impact on those who have all other kinds of income. It is foolish for us to tax income from work at 80 percent. Throughout the world that tax rate is applied only to profit income, and we want to have a developed small business economy, high intellectual work?

[Question] Is our poverty (also) a part of tradition, which has again become a life-style, or (only) the consequence of improper development and mistakes in policy?

[Answer] Shortages are characteristic for us. How could there help but be poverty, when an autarchic economy has been built from both inside and outside? I think we are the only country in the world where there is no butter for 30 days because on the 31st the price is going up! And we as a society are becoming reconciled to that. We have a market economy, but not a supply economy, so that we all work on the principle of maintaining supply as it is, rather than expanding it. The economic system labors under the long-term obsession that consumption is the fundamental cause of all evils and it attempts to solve the problem with macroeconomic rather than systemic measures.

By macroeconomic policy we can make microrestrictions, regardless of who works and how, but the basic problem is to assure that on the microlevel everyone lives by the measure of what he produces (which the economic system has never yet achieved). Thus this is all a problem of the economic system, and not of social policy. The latter, however, pays its tribute to the former, so we must say that we are misusing it. Lenin himself said that social policy is the servant of capital, and here in Yugoslavia it is the servant of preserving all the errors that we have made in the economic system and in economic policy.

Health and education are always looked on as ordinary consumption, as a result of long years of restriction it has become nearly a matter of principle to proclaim them to be consumption. At the same time we constantly put forward the thesis that we are a consumer society. I would really like for someone to tell me why. A consumer society is a society of abundance. Have we ever had abundance? A consumer society works to consume that which it produces so as to have reproduction. We work

to consume that which we don't have. A consumer economy suppresses education, health care and services at the expense of personal consumption, while we have suppressed and are suppressing personal consumption. A market society does not know shortage, nor does it print on the front pages of the newspapers just before harvest how the grain will be, for those are normal, everyday things. Naturally, there are market elements here, but let me return to good old Marx who said that the model of consumption was formed by the model of production. Had we not pushed into licensed production of automobiles, refrigerators (for which, naturally, we have at least six factories) and all manner of durable consumer goods, and had we, for example, turned our efforts to agriculture or something else, we would have generated a different type of consumption. Yet if we produce these things, then it is normal that we must consume them.

[Question] What is happening with the consumer mentality? Is there any such thing?

[Answer] Today here in Yugoslavia, if one pays cash (and I would like to see someone who could), an apartment of sixty square meters of living space requires 15 years of work. We are very close to the point where for a square meter of living space we have to work a year, while in the developed world one works one month for that. Economically sound rents do not exist because the privileged have apartments and resist their introduction. I won't dispute the point that there are such apartments, for in Yugoslavia there are 2.5 million socially owned apartments, and politically I would be hard pressed to assert that there are 2.5 million privileged people in Yugoslavia. On the other hand, if we were to calculate on the present cost of an apartment, then rent at 4 percent of the apartment's value annually would amount to \$200 a month, with wages at \$150! Do the creators of such divisive political slogans make any effort to see the real situation, and then to truly separate political voluntarism from economic problems that need some solution? That is, to determine some economically sound rents, which are more than necessary for us since we are destroying our greatest achieved wealth. But the direction must be to reduce the cost of apartments and increase personal income, so that at some meeting point they will result in economically sound rents. Naturally, with this I am not asserting that there is no consumer mentality. Excuse me, but as soon as people can work just a little and as soon as they have become accustomed to thinking that from a little work they can get something quickly, we are talking about a consumer mentality. In any case, that has nothing to do with the consumer mentality in the West.

[Question] Do we have any sort of social policy at all?

[Answer] We have one, just the same as our economic policy. That means that it is inconsistent—temporary and by its measures, state directed, aimed at easing the consequences and ineffectiveness of the economic system and developmental policy. Social protection today

extends not only to marginal groups (which is normal), but also, unfortunately, to a large part of the working population. Thus social policy here is social protection, and not social policy. It has no connection to social policy, and has the least connection to that which it should be, which is to motivate people to work and create and from those endeavors to live with dignity, and not under state social tutelage.

[Question] It has been stated that we are regressing to the level of Tanzania, that is, there are increasing numbers of unemployed, persons in social poverty, and the homeless.

[Answer] I don't know where we are returning to, to what level, but there is no doubt that we are regressing. Yet another dreadful factor awaits us, the aging of the population. Right now 20 percent of the working population is pensioners, with an average income of \$2070. If we continue the current rate of retirement, by the year 2000—which even I can hope to see—we will have 33 percent of the working population pensioners. Given the way our national product is going, I am afraid to say what kind of income average we will have by then. Let's say that we have 2 or 3 thousand dollars.... How will we be able to live with that? Today in France they have 32 percent pensioners, with an average national income of \$9000, while we will have the same percentage with income of 2 or 3 thousand dollars. Why, we will be eating each other! As the Japanese once upon a time used to do with their old and infirm, leading them to the mountain of Narayama, our children will be leading us someplace to die. We will not have any real pensions on which to live, nor will our children have real wages upon which to live. That will be a new dimension to the crisis, the dimension of civilization, for the attitude toward the elderly is a matter of civilization. We ought to begin thinking of that right now, for we usually are the most amazed of all about what is happening to us as if some meteorological misfortune that we could not foresee had struck us (although everything was as clear as if it were in the palm of our hand). We always look back, while we see nothing in front of us.

[Question] Who is to blame for the present situation?

[Answer] First of all it is the inadequate economic system. We have a poor notion of what we can and cannot do. It was a great delusion that everything could be resolved institutionally, and not by development. But there is no socialism with an average national income of \$2000!

I think that we have greatly damaged work and initiative, that we have intensively nurtured servility and mediocrity. Whether we want it or not, all of that has led us to a political system which in fact is integrated with the state. If you say that a resolution for some year is stupid, unrealistic or meaningless, then that is equivalent to your being an "anti-party element." For that reason we

have the self-management label which conceals a dreadfully bureaucratized structure which does not contribute to change in this society, for then it would not be in its power, or it would not be what it is today.

[Question] Does the market have any chance at all, if social policy is not in a position to monitor it?

[Answer] In the center is the gleam of a great illusion, that social policy is the factor that should resolve the dreadful problems that have been left to it by economic policy and the economic system. Here it is not a matter of the resolution of some contradictions that are borne by the very nature of an economic system, followed by some social policy which appears to regulate it. Rather we face problems that have accumulated over the years. Whoever thinks that social policy can resolve such problems, is sowing illusions. If social policy could do so, if we were to set up enormous funds (only I don't know where they would come from), it would be a great misfortune, for the essence of the problem in the economic and commercial system would not change at all. Only if we were to have a consistent economic system could we formulate a social policy that would be founded on work, on creativity and solidarity tied to work, humaneness and equal opportunities, for those are the values of social policy and socialism itself. Naturally, in a transitional period, in the storm that now confronts us, social policy will have to make compromises, some social funds will probably have to be established. But all of these things must be for a definite time and a definite purpose: seeking economic solutions.

[Question] Is there a way out of the economic crisis?

[Answer] Naturally, but if you ask me as an individual to tell you what the way out is, that would be too much responsibility. Teams should work on that. Unfortunately, after the Long-Term Economic Stabilization Program, after 5 years, we formed a commission which will still be working on changes in the economic system for a period of time (I don't know how long). I want to wish it the best of luck, despite the fact that it is late. The way out of the crisis is primarily economic.

[Question] Some people blame the Constitution for everything?

[Answer] Excuses based on the Constitution—and I do not say that there are not some constitutional limitations—are not correct, for within the framework of this Constitution numerous things can be done. Conditions such as "that will be implemented if the Constitution is changed" are only empty phrases which hold that the Constitution is to blame for everything. Deregulation of economic life? Nowhere in the present Constitution is it written that everyone up to the last person must be by regulation assigned to a basic self-management organization. Nowhere does the Constitution provide that the



state must regulate distribution of income in a certain way, or in other ways regulate the economy. In the economic system as well, the Constitution does not bother us at all.

We should first of all see what must be done so that today's idle capital can be put to work. Where does the Constitution bother us in that? Perhaps in details, but generally speaking certainly not. Why isn't it possible to open the reserve of unutilized commercial space and equipment and make it mobile. The system of income distribution should begin with the notion that those who control social property are responsible for it and must expand it. By that we would truly assure both the interest and the integrity of social ownership and we would equalize that complicated procedure and invention about income distribution and all the agreements that follow from it. Payment functions here in Yugoslavia are frightful; they go through the Federal Accounting Service, are separate from the bank system, and lack controls.

Given the number of regulations and controls we have, we should be the most honest of societies. Events best show how true that is. For me, it would be more natural for the payment functions to go through the banks. That would simplify the entire system and eliminate various contemptible actions, fictitious deals and transactions based on the system "you scratch my back and I'll scratch yours." For control, let us establish a financial control office, and let it control everything.

Besides, that would mean a reduction in the endless number of documents. Who needs these statistics about periodic accounts? I would like to see who makes use of them. Does someone think they cost nothing? If we were to take some initial steps in the system in that direction, we would automatically create conditions for reducing administration, its costs and authority, its unproductive influence on the initiative of those who must bear all of these burdens. I think that we should certainly support the independence of entrepreneurs, and change the agrarian policy (which only includes the problem of the agricultural maximum), for through independence of economic operation and a different agrarian policy we could achieve a great deal.

For didn't Japan begin with small firms and from them build the roofs of gigantic enterprises. Well, we too have made gigantic enterprises, but under their roofs we have left empty spaces. If someone is afraid of capitalization, then I must say that I fear the International Monetary Fund and the endless flow of Yugoslav capital out of the country far more.

[Question] What is the situation with taxes?

[Answer] Taxes must also be reduced. I don't know of a single country that has emerged from a crisis with increasingly higher taxes. We should also see what real losses are, differentiate actual losses from bookkeeping losses, and then find some solution so that we will know who is "healthy" and who isn't. Then we can help the "healthy" to work, and we can see what is wrong with those who are not "healthy." Among other things, this includes tourism—where presently we are satisfied with the crumbs that fall from the table of world travel. We should also activate scientific investigation. But if we give every inventor 300 million old dinars and write in all the newspapers how his discovery is worthless ("phooey") and opposed to socialism, then except for a few enthusiasts only a rare few will want to work. Giving opportunities to scientific investigation will at the same time be a battle against mediocrity, which has ruined us. Therefore, I believe that there is absolutely a way out of the crisis, that we are in no way condemned by fate to be impoverished, that poverty is not in our genes, but that we must give people the possibility of working and we must realize that it is high time to stop coming to terms with poverty. In essence, we must rely on building a democratic self-management society in which the system should be "sobered up" from the illusion of developing for its own sake and for eternity, for life after death. Instead, it must be realized that it exists so that a living man can have something from it.

[Question] And not to keep endlessly asking of that man more self-denials in the name of a dubious, foreign and distant future...

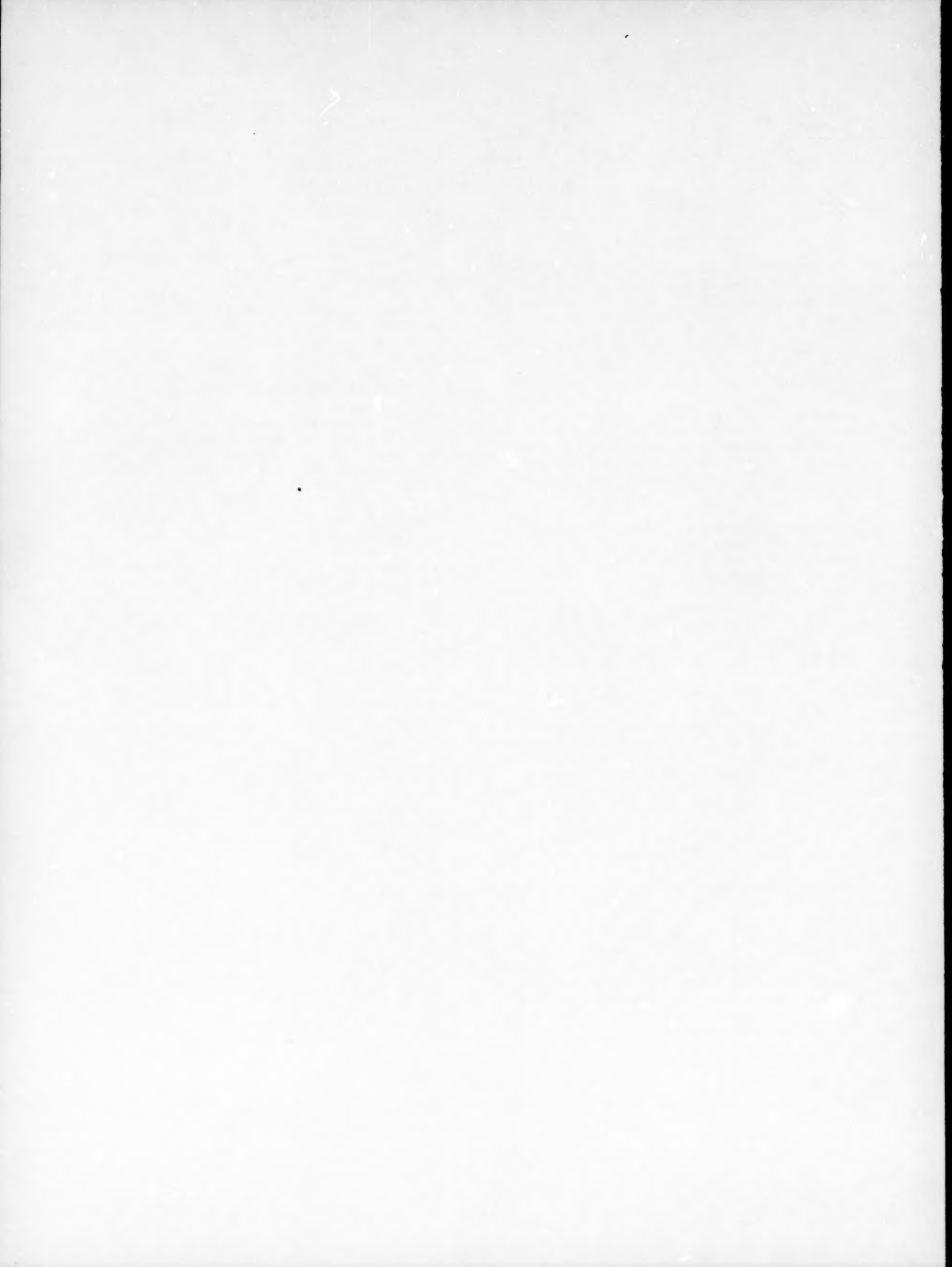
[Answer] It is total stupidity—I don't know who got the idea, but I remember that somebody of great importance recently said: "At present we cannot tell you anything other than what Churchill said in 1941: 'I can promise you nothing but blood, sweat and tears.'" Who will accept that? War is war, and life is life. Officials should say: "We must tell you that for a year you will suffer, but if in that year you will make such and such changes, in a year we will achieve such and such results."

[Question] "If we don't achieve them, we will resign from office."

[Answer] That is how it should normally be.

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